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LETTER
FROM THE
SECRETARY OF THE TREASURY
TO THE
PRESIDENT OF THE UNITED STATES

WITH RESPECT TO A REPORT SUBMITTED TO THE ATTORNEY GENERAL
UNDER DATE OF JANUARY 15, 1924, BY MR. CHARLES B. BREWER,
SPECIAL ASSISTANT TO THE ATTORNEY GENERAL

REGARDING ALLEGED DUPLICATIONS
OF THE PUBLIC DEBT

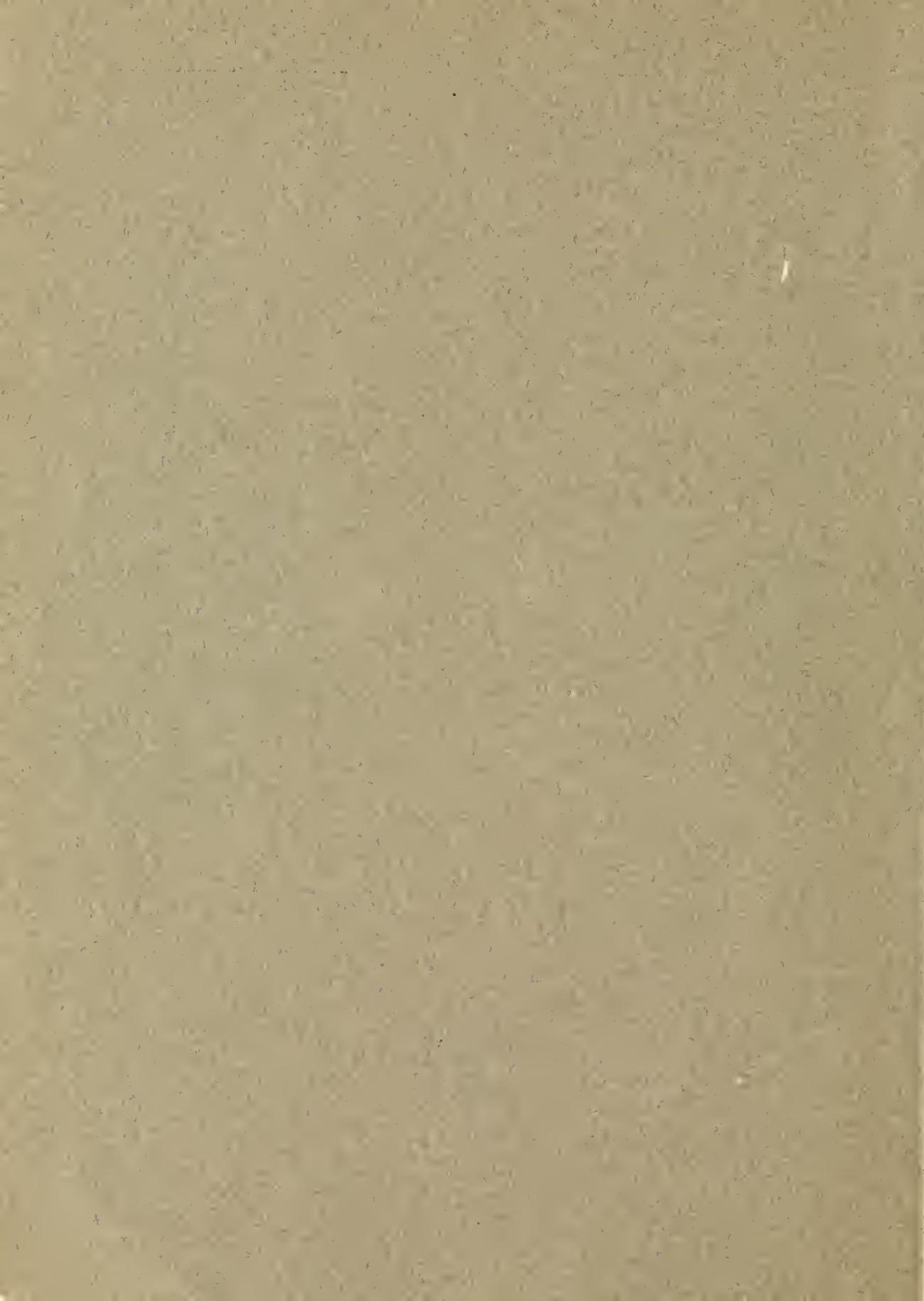
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LETTER FROM THE SECRETARY OF THE TREASURY TO THE PRESIDENT OF THE UNITED STATES.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, April 26, 1924.

MY DEAR MR. PRESIDENT:

Referring to my letter of February 13, 1924, with respect to a report submitted to the Attorney General under date of January 15, 1924, by Mr. Charles B. Brewer, Special Assistant to the Attorney General, you are advised that the Treasury has now completed its investigation of the specific charges made by Mr. Brewer, and submits its findings, as follows:

1. Mr. Brewer's report of January 15, 1924, is accompanied by the following exhibits:

- Exhibit No. 1.—Confidential memorandum addressed by Mr. Brewer to the Attorney General under date of June 30, 1921. Memoranda addressed to Colonel Goff by Mr. Brewer under dates of July 9, August 4, and December 19, 1921.
- Exhibit No. 2.—Memorandum addressed to Colonel Goff and the Attorney General by Mr. Brewer under date of December 21, 1921.
- Exhibit No. 3.—Copy of letter addressed to the Secretary of the Treasury by Thomas Goss under date of March 9, 1921.
- Exhibit No. 4.—Copy of report addressed to the President of the United States by Mr. Brewer under date of August 21, 1922.
- Exhibit No. 5.—Copy of memorandum signed by Chief Justice Walter I. McCoy of the Supreme Court of the District of Columbia, under date of March 20, 1923.
- Exhibit No. 6.—Copy of statement of A. H. Belisle, former custodian of vault in the Division of Loans and Currency, under date of July 14, 1922.
- Exhibit No. 7.—Affidavit executed under date of August 14, 1922, by Magdalen Gallagher, an employee of the binding division of the Bureau of Engraving and Printing.
- Exhibit No. 8.—Affidavit executed under date of August 14, 1922, by G. P. Jackson, superintendent of the binding division, Bureau of Engraving and Printing.
- Exhibit No. 9.—Copy of affidavit executed under date of February 17, 1923, by H. R. Leesnitzer, foreman in the surface division, Bureau of Engraving and Printing.
- Exhibit No. 10.—Copies of affidavits executed under date of May 15, 1922, by A. J. Leakin, an employee in the Office of the Register of the Treasury.
- Exhibit No. 11.—Copies of affidavits executed under date of May 15, 1922, by Mrs. R. L. Miner, an employee in the Office of the Register of the Treasury.
- Exhibit No. 12.—Copies of affidavits executed under dates of June 23 and 28, 1922, by John F. Green, an employee in the Bureau of Engraving and Printing, and former member of the Destruction Committee.
- Exhibit No. 13.—Copy of affidavit executed under date of June 23, 1922, by L. F. Holden, an employee in the Bureau of Engraving and Printing, and former member of the Destruction Committee.
- Exhibit No. 14.—Copy of affidavit executed under date of June 24, 1922, by Arthur A. Smith, an employee of the Division of Loans and Currency, and former member of the Destruction Committee.
- Exhibit No. 15.—Copy of affidavit executed under date of May 15, 1922, by Mrs. R. L. Miner, an employee in the Office of the Register of the Treasury.
- Exhibit No. 16.—Copy of affidavit executed under date of May 15, 1922, by A. J. Leakin, an employee in the Office of the Register of the Treasury.
- Exhibit No. 17.—Copy of letter addressed to Mr. Brewer under date of October 19, 1922, by Ila O. Rogers of the Division of Paper Custody.

- Exhibit No. 18.—Copy of affidavit executed under date of August 16, 1922, by George F. Peck, foreman in the numbering division of the Bureau of Engraving and Printing.
- Exhibit No. 19.—Copy of affidavit executed under date of August 16, 1922, by Charles A. Parent, technical foreman of presses in the numbering division of the Bureau of Engraving and Printing.
- Exhibit No. 20.—Copy of affidavit executed under date of November 17, 1923, by G. P. Jackson, superintendent of the binding division of the Bureau of Engraving and Printing.
- Exhibit No. 21.—Copy of affidavit executed under date of November 19, 1923, by G. P. Jackson, superintendent of the binding division of the Bureau of Engraving and Printing.
- Exhibit No. 22.—Copy of affidavit executed under date of November 21, 1923, by H. R. Leesnitzer, foreman in the surface division, Bureau of Engraving and Printing.
- Exhibit No. 23.—Copy of statement by G. P. Jackson, superintendent of the binding division, Bureau of Engraving and Printing, under date of November 19, 1923.
- Exhibit No. 24.—Copy of memorandum signed by F. A. De Groot, Acting and Assistant Register of the Treasury under date of February 10, 1923.

NOTE.—Exhibits 1, 2, and 4 are preliminary reports made by Mr. Brewer in connection with his investigation. Consideration of Mr. Brewer's report of January 15, 1924, involved, therefore, a thorough investigation of the charges contained in these earlier reports.

2. As I have already advised you, Mr. Brewer's charges are substantially a reiteration of certain accusations made in September, 1920, by Mr. J. W. McCarter, former Assistant Register of the Treasury under the Democratic administration. As publicly announced by Secretary Houston in 1920, McCarter's conduct as Assistant Register had been grossly inefficient and offensive, and Secretary Glass had obtained authority from President Wilson in 1919 to dismiss him from the service, but subsequently permitted him to remain on promise of good behavior and out of consideration for his family.

3. Mr. Brewer's charges are utterly without foundation, and appear in some instances to be nothing less than deliberate and malicious distortion of the facts, traceable largely to misinformation and misunderstanding, and to the malicious gossip of disgruntled employees. Mr. Brewer repeatedly deals in innuendoes and insinuations, and presents page after page of irrelevant and inconsequential matter. The conclusions which he reaches are not in the least justified by the evidence which he presents.

4. There have been instances of duplicate serial numbers on Liberty bonds and other securities, and a full explanation of such imperfections is given in the following reply. But no evidence whatever has been found of any duplicate issues or other fraudulent overissues of Liberty bonds or other Government securities, and there is absolutely nothing to support the charge that there has been a conspiracy to defraud the United States.

5. The charges of Mr. Brewer and the evidence in support of the charges are incoherently scattered and repeated throughout his reports to such an extent that an orderly reply is difficult. In order that the issues involved may be clarified and that the proper relation of the evidence to the charges may be more readily ascertained, there is given below a brief general outline of the charges made and of the nature of the evidence furnished in support of such charges:

Mr. Brewer charges:

I. That there have been fraudulent duplications or overissues of the public debt; and in support thereof, he attempts to show that:

- (a) Such fraudulent duplications or overissues are evidenced by "spurious" securities or securities bearing duplicate serial numbers.
- (b) Such fraudulent duplications or overissues are further evidenced by securities numbered higher than the high numbers officially reported as issued.
- (c) Irregularities in the Bureau of Engraving and Printing permitted fraudulent duplications or overissues to have been perpetrated without detection.

II. That officials of the Treasury Department have suppressed information concerning fraudulent duplications or overissues; and in support thereof, he attempts to show that:

- (a) Officials deliberately attempted to conceal the facts regarding fraudulent duplications or overissues by discrepancies in the figures as to issues and retirements in the annual reports of the Register of the Treasury.
- (b) Retired securities were destroyed in order that proof of duplications might not be available.
- (c) Changes in the procedure and personnel within the Public Debt Service were made for the purpose of suppressing evidence of fraud.
- (d) The source of surrendered bonds was obscured to preclude tracing.

III. That there was fraud or carelessness in the handling of securities after retirement; and in support thereof, he attempts to show that this is established by:

- (a) Thefts of uncanceled securities from the files of the Treasury Department and the subsequent honoring thereof by the Department.

6. It will be noted from the above outline of Mr. Brewer's charges and of the evidence presented in support thereof that if the charge that there have been fraudulent duplications or overissues of the public debt is false, the charge that officials of the Treasury Department have suppressed information concerning fraudulent duplications or overissues must necessarily also be false. However, all of Mr. Brewer's charges, in so far as they appear to be material, have been taken up in detail in the answer which follows.

DESCRIPTION OF OPERATIONS.

7. In order more clearly to understand the references hereinafter made to various operations within the Bureau of Engraving and Printing and the several offices now comprising the Public Debt Service, and other related activities, and to show the numerous controls and checks to which securities are subjected, there is first given, in paragraphs 8 to 66 hereof, a brief description of such operations and activities as may be affected by or concerned in Mr. Brewer's report.

GOVERNMENT PAPER MILL, PITTSFIELD, MASS.

8. The distinctive paper for United States bonds, which contains a localized silk fiber, is manufactured at the Government Mill, Pittsfield, Mass., by Government contractors under Government supervision. As the paper comes from the machine it is counted by an automatic register connected with the knife, which register is supervised by a Government employee, who keeps a strict tally of all paper manufactured and the total of the register's tally is reported daily to Washington. For the purpose of count, a week's work is the established unit. A record is kept of the sheets destroyed by the machine in the process of manufacture, as well as of the weigh sheets. After the paper has been registered it is dried in the lofts and then delivered to the finishing room. In the finishing room perfect paper is separated from imperfect. Imperfect paper is delivered to the United States superintendent for count, after which it is cut up for destruction under Government supervision, the clippings being turned over to the contractors to be repulped and used in making new distinctive paper. When the count of a week's run of paper has been completed, the total of the perfect and imperfect sheets must tally with the automatic registers. The perfect paper is delivered, in packages of 1,000 sheets, to the United States superintendent at the mill. It is then counted by Treasury employees in the Government counting room and thereafter the sheets are wrapped, sealed, and packed for shipment, all by Treasury employees. The paper is shipped, by express, to the Division of Paper Custody at Washington by the United States superintendent, under Government bills of lading. Mr. Brewer in his report of August 21, 1922, comments on what he terms the "unreliability of records at the paper mill." The Government records maintained at the

mill where distinctive paper is manufactured are entirely reliable and fully serve the purpose for which they are maintained. As regards perfect paper delivered by the contractor and shipped to Washington, the records are in agreement with paper received. Mr. Brewer refers to tally sheets; these are the contractor's own mill records, with which the Government is not concerned.

BUREAU OF ENGRAVING AND PRINTING.

9. The following is an outline of the several stages of work incident to the printing of bearer bonds and other securities. This procedure is substantially the same as that followed in the printing of securities during the war period. Some exceptions should be observed, particularly with reference to the First 3½ per cent coupon bonds, which were "book" securities made up of three coupon sheets and a bond sheet. These bonds required considerably more work, principally in the binding division, and after each operation, such as gathering, stitching, and stripping, the bonds were given an independent count. Another exception should be noted in the routing of blank paper from the Division of Paper Custody; in some of the earlier issues the tinting of the paper took place in the printing division, rather than in the surface division, and in such cases the paper was delivered by the Division of Paper Custody direct to the wetting division.

10. Distinctive paper or bonds in process of printing were routed as follows:

Number of counts.

Division of Paper Custody.

3. Surface division (for tint).
2. Wetting division (for wetting).
1. Printing division (for printing of backs).
2. Examining division (for drying and examination).
2. Wetting division (for wetting).
1. Printing division (for printing of faces).
3. Examining division (for drying and examination).
2. Binding division (for trimming).
3. Surface division (for printing "story" and numbering).
2. Binding division (for trimming, assembling and delivery to the Division of Loans and Currency).

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It will be noted that the distinctive paper or bonds in process of printing received 21 separate counts. These represent the minimum number; additional counts were made after each operation with respect to certain loans, as in the case of the First 3½'s, which required gathering, stitching, and stripping. Where defective bonds were withdrawn and "make-up" bonds substituted, the packages affected were counted, such count not being indicated above.

Division of Paper Custody.

11. This Division, although located in the Bureau of Engraving and Printing building, is not a part of the Bureau organization but is a division of the Secretary's office and a unit of the Public Debt Service. The distinctive paper upon which the bonds are printed is received, as previously stated, by this Division direct from the paper mill. During the issue of temporary bonds of the Liberty Loans, this paper was not counted by the Division of Paper Custody but was delivered to the surface division subject to count. Since September 1, 1922, however, all distinctive paper has been counted by the Division of Paper Custody before delivery to the Bureau.

Surface Division.

12. (First count:) Upon receipt of the distinctive paper from the Division of Paper Custody, the paper is counted and "shorts" or "overs" reported to the latter Division for adjustment with

the Government mill. In addition, the counters of the Division of Paper Custody make a special count of the particular package in which any irregularity had been noted by the surface division. (Second count:) The paper is then tinted, after which it is again counted. The total of perfectly tinted sheets and spoiled sheets returned by each pressman must agree with the total number of blank sheets charged to the pressman. (Third count:) The tinted sheets are then placed in the vault for drying and are afterwards removed from the vault and again counted prior to delivery to the wetting division. Only perfect sheets are delivered to the wetting division; the mutilated and spoiled sheets are delivered to the Division of Paper Custody. Deliveries to the wetting division plus deliveries of mutilated or spoiled stock to the Division of Paper Custody must equal the number of blank sheets originally received from the Division of Paper Custody.

Wetting Division.

13. (First count:) The paper is counted promptly upon receipt from the surface division. It is then wet and allowed to stand for twenty-four hours, after which it is "shifted"—that is, the inner layers of paper are shuffled so that the moisture may be equalized—and this process is repeated until all of the paper has absorbed an equal amount of moisture. (Second count:) The wetting operation being completed, the sheets are counted and assembled in packages of 1,000 with subdivisions of 100. They are left for four days under pressure, further to distribute the moisture, and are then delivered to units of the *wetting division* located in the several sections of the printing division. It should be noted that while deliveries are made to the rooms of the printing division, the custody and control of the paper remain with the units of the wetting division. Spoilage from the wetting division is delivered direct to the Division of Paper Custody. The total number of sheets delivered to the printing division plus spoilage delivered to the Division of Paper Custody must agree with the total number of sheets received from the surface division.

Printing Division.

14. The clerk of the printing division, by direction of the foreman of the printing section, allots the various jobs to the respective printers and transmits to the wetting division cage a job-slip showing the authority of a designated printer to receive paper covering a specified job. The wetting division thus is placed on notice that the requisition received from the printer is legitimate. (First count:) The printer delivers his requisition to the wetting division cage and is furnished the paper specified by such requisition. The printer's assistant promptly counts the sheets and sends a permanent receipt therefor to the wetting division cage. If an "over" or "short" is discovered by the printer's assistant, she promptly notifies the wetting division unit and the latter unit verifies the count of the paper affected. In the count by the wetting division, previously referred to, the counters are required to insert identification slips bearing their names after each 100 sheets. Accordingly, if the count by the printer's assistant discloses any irregularity in the number of sheets, such irregularity is verified by representatives of the wetting division, and it is a simple matter to ascertain the particular counter in the wetting division who previously counted the package.

15. The spoilage in the printing division is handled in two ways, depending upon the stage of work at which such spoilage occurs. If the printer's assistant discovers spoiled sheets, or if sheets are spoiled before they pass through the rollers of the press, such spoilage is turned back by the printer's assistant to the wetting division cage and she receives perfect sheets in lieu thereof. This spoilage, therefore, must be accounted for by the wetting division and is delivered, as previously mentioned, by the wetting division to the Division of Paper Custody. It does not affect the accountability of the printing division. On the other hand, if the mutilation or spoilage occurs, or is discovered, after the paper has passed through the rollers of the

press, such spoilage is not returned to the wetting division, but goes forward with the regularly printed sheets and must be accounted for by the printing division. The reason for this is obvious when it is noted that each time the press completes a full operation such fact is indicated on an automatic register. The registers are locked and are accessible only to a registry clerk who is not an employee of the printing division.

16. The registry clerk takes the reading of the registers before the presses start in the morning and when they stop at the close of the day, as well as during the luncheon period, and the number of operations recorded for a day's work must agree with the number of printed sheets turned in by the printer. The press is required to be locked by both the printer and registry clerk before the register reading is taken. There are frequent occasions for adjustments by the registry clerk where sheets are mutilated in the rollers of the press or where other irregularities occur which would affect the register. The readings of registers are checked with (a) the records of the wetting division showing the number of sheets delivered to the printer, and (b) the records of the examining division showing the number of printed sheets delivered by the printer. As the printer completes his work he sends it by messenger to tally clerks of the examining division by whom the work is counted and checked.

Preparation, Control, and Custody of Plates.

17. When authority for the printing of securities reaches the Bureau of Engraving and Printing an order is issued for the preparation of the necessary plates. The plates are made in the engraving division, numbered, certified, recorded, and then delivered to the plate vault, where they are checked and again recorded. When an order is given for the printing of securities a copy of the printing order is transmitted to the printing division, and that division makes requisition on the plate vault for the necessary plates. Plates are delivered to the printing section performing the work, the foreman of that section signing a receipt and being responsible for the plates while they remain in the printing section. The foreman of the printing section then assigns the plates to the respective printers, and an appropriate charge is made on the records of the printing section. While the plates are not in actual use, as, for example, at the luncheon period or at the end of the day, they are protected by a cover, securely fastened and locked. The keys of these covers are under the control of the foreman of the printing section, and at night are placed in the plate vault.

Should a printer to whom a particular set of plates is charged be absent by reason of illness, leave, etc., before the completion of a job, another printer (known as a "chance" man) is assigned to his press. The substitute printer must procure special job-slips in order to obtain the necessary paper; the principal's authority being of no value so far as the substitute is concerned. It is possible, therefore, from the records of the printing division to determine the exact dates on which a given set of plates were in use, and the printer to whom they were charged. Frequently plates become spoiled or worn out while in the custody of the printing section. In such cases the foreman of the printing section takes an impression of the defective plate and submits it to the superintendent of the printing division for inspection. If it is determined that the plate is unfit for further use a schedule is prepared describing the imperfection, and the plate and schedule are delivered to the plate vault. The plate is then checked into the plate vault, where it remains until delivered to the committee for destruction.

From the records of the printing division it is possible to trace the history of each plate during the time it was charged to that division. The name of the printer or the name of his substitute, the name of the printer's assistant, a description of the work, the plate number, and the period of time during which the plate was in the custody of each printer are all carefully recorded.

Examining Division.

18. The tally clerks of the examining division maintain sheets showing the names of the printers and the number of sheets completed and delivered. This record must agree with the records of both the wetting division and the registry clerk. The backs of the bonds are printed first, and the sheets when first delivered by the printer to the examining division are printed only on one side. (First count:) A sheet count is promptly made by the examining division. This is known as the "wet count" and takes its name from the fact that the work comes direct from the press. This is the clearance of the printing division, and any irregularities are promptly reported. The sheets are then placed in a drying room, where they remain overnight. The next morning the tissues are removed and the sheets delivered to the examiners. If all of the work removed from the drying room is to be examined on the day of removal, no count is made by the tissues group, but if more work is removed from the drying room than can be handled on that day by the examiners, a count of the surplus is made by the tissues group. (Second count:) The sheets are examined and a separation made as between the perfect and the spoiled. The sheets are counted, and the total of the perfect and spoiled must agree with the number of sheets received from the printing division. The sheets are then placed in the vault, and later the spoilage is withdrawn, canceled, counted, and delivered to the Division of Paper Custody. The perfect sheets are delivered, upon requisition, to the wetting division.

Wetting Division.

19. At this stage the sheets, with backs printed thereon, are again delivered to the wetting division. The operation preliminary to the printing of the faces is identical to that previously outlined with respect to the backs. (First count), (Second count:) The paper is given two counts and then delivered to the printing division.

Printing Division.

20. The procedure followed in printing the faces is identical with that followed in printing the backs. (First count:) The printer's assistant counts the paper and adjusts differences with the wetting division. The bonds are delivered to the examining division.

Examining Division.

21. The later stages of the examining division's work on faces are identical with those required in the examination of backs. (First count), (Second count:) The sheets are given a wet count, placed in the drying room, later removed, examined, and counted, the spoilage being delivered to the Division of Paper Custody. Both faces and backs having been printed, the perfect bonds are withdrawn from the vault and placed under enormous pressing machines which iron and smooth the paper. (Third count:) After pressing, the bonds are again counted, put up in packages of 1,000, and placed in the vault to await requisition from the binding division.

Binding Division.

22. The bonds are checked in from the examining division merely by packages and denominations. (First count:) They are then counted and delivered to the trimming machines. (Second count:) After trimming, they are accorded another count and delivered to the surface division.

Surface Division.

23. (First count:) Upon receipt of the bonds by the surface division they are counted and delivered to the surface division vault. (Second count:) Subsequently they are withdrawn upon requisition, again counted, and delivered to the pressmen for the imprinting of the

"story," dates, numbers, and other surface work. It is not possible to specify the number of printing operations which are necessary, since these vary according to loans, but at the completion of each operation the bonds are counted. (Third count:) Before delivery of the bonds to the binding division they are given another count, and the spoilage is delivered to the Division of Paper Custody.

Binding Division.

24. As the bonds are received from the surface division they are checked in by the first and last serial numbers in each thousand. They are then "jogged up" and prepared for cutting and separation. (First count:) After separation they are counted and examined. As a defective bond is discovered it is listed on a strap which is inserted in the package at the place from which the defective bond was withdrawn. The defective bonds are placed on the top of the package and the package then delivered to the "make-up" table. Only the irregular packages (containing defectives) are delivered to the "make-up" table; the other packages are sent direct to the vault.

25. At the "make-up" table there is maintained a stock of unnumbered bonds of all denominations. This stock is charged to the clerk in charge of "make-ups." This clerk turns over to the "make-up" girls the defective bonds and a corresponding number of unnumbered bonds. The girls take the defective bonds and the unnumbered stock to "paging" machines with which they impress the numbers on the perfect stock. The operation of "paging" machines is more fully described in paragraph 69 hereof. The defective bond is the basis for the "make-up" work. If the imperfection affects the serial number, therefore, it is necessary that the erroneous serial number on the defective bond be crossed out and the correct serial number written above. In other words, the "make-up" girl sets the numerals on her "paging" machine from the number as it appears on the defective bond. From the "paging" machines the bonds are returned to the "make-up" table, where another force of girls, known as the "insert force," compare the "make-up" bonds with the defectives and insert the "make-ups" in their proper places within the package. The defective bonds are then delivered to the girl in charge of the "make-up" table, who places such defectives with her remaining stock of unnumbered bonds, thus preserving the balance of her stock. When she has accumulated a thousand defective bonds, she surrenders them to the surface division for cancellation and delivery to the Division of Paper Custody. The surface division cancels the defectives and delivers them to the Division of Paper Custody.

NOTE.—It should be explained that the foregoing delivery of spoilage to the surface division was in effect only with respect to temporary bonds of the First, Second, and Third Loans. In regard to temporary bonds of the Fourth Loan, the spoilage was handled direct by the binding division and delivered by that division to the Division of Paper Custody. In the case of permanent bonds of the Liberty Loans, the spoilage was canceled by the binding division and delivered direct to the Division of Paper Custody.

(Second count:) After the "insert force" has inserted the "make-up" bonds, the entire package is then counted to determine whether any bonds are missing. As previously stated, this does not mean that a count is accorded packages in which no defectives appear, the latter being sent direct to the vault from the first examination. If the volume of work received by the binding division from the surface division is so great that the bonds can not immediately be separated and examined, the surplus work is counted before being placed in the vault.

Destruction of Spoilage.

26. The following relates to the disposal of mutilated or spoiled sheets as handled during the war-loan issues, present methods being substantially the same. Mutilated or spoiled sheets of bond paper, as well as imperfectly-printed bonds, were delivered to the

Division of Paper Custody by several divisions of the Bureau and were accompanied by schedules prepared in the office of the Chief Clerk of the Bureau and signed by the Director or Acting Director. These schedules served a twofold purpose— they were used by the Division of Paper Custody in checking the sheets delivered, and subsequently were used by the Destruction Committee in the verification of deliveries by the Division of Paper Custody to the Committee for destruction. They bore provision for the following certificates:

(a) Certificate by a designated employee of the Division of Paper Custody to the effect that all of the imperfect work specified and described in the "foregoing schedule" had been counted by her and found to be correct;

(b) Certificate by the Destruction Committee to the effect that all of the imperfect work specified and described in the "foregoing schedule, and verified as per the certificate thereon," had been totally destroyed in their presence by maceration.

27. The spoiled or mutilated sheets were received principally from the surface division of the Bureau, although some deliveries were made by other divisions, including the wetting and binding divisions. Earlier in this reply it will be noted that the surface division acted as a clearing unit through which spoilage from certain other divisions was delivered to the Division of Paper Custody. Large deliveries of spoilage by the surface division were due also to the fact that this division completed the securities, and numerous slight imperfections occurring in the earlier processes were purposely passed on to the surface division with a view to having that division salvage such portion as might be utilized. The numerous individual printing operations by the surface division, moreover, presented more opportunities for spoilage than arose in the other divisions. The unusual volume of spoilage delivered by the surface division can not, therefore, be construed as reflecting discredit upon the efficiency of that division. It has been the general and usual practice for the respective divisions of the Bureau to cancel the sheets prior to delivery to the Division of Paper Custody. This cancellation usually was effected by punching holes through the sheets, although in a few instances the cancellation was in the form of crayon defacement. A few exceptions to the rule regarding cancellations are recalled. The clerk who handled mutilation schedules for the surface printing division states that, during the first months of the printing of the First Loan, mutilated sheets were delivered without previous cancellation and the superintendent of the binding division states that mutilated temporary bonds were delivered from his division without cancellation. However, employees of the Division of Paper Custody recall no instances of delivery of uncanceled bonds. Any deliveries of uncanceled mutilated bond printing, however, were exceptional and were not the usual rule. Cancellation by punching was desirable in all cases and finally was fully enforced.

28. Upon receipt of the spoilage by the Division of Paper Custody, a temporary receipt was given to the Bureau and the mutilated or spoiled work verified by actual count. The certificate as to the count by the Division of Paper Custody in most instances was signed by Miss Mary O'Beirne, an employee of that Division, and meant ordinarily that the work had been counted by a force under her supervision. The work was then delivered to the Destruction Committee. The Destruction Committee made an examination thereof for the purpose of determining the character of the work and the number of packages, for verification with the schedule. This verification did not, however, include an actual count of the sheets. (The examination and verification of securities by the Destruction Committee are covered in another section of this reply.) The sheets were immediately cut in narrow strips by the Destruction Committee, for the purposes of further canceling and of facilitating maceration. The strips were then placed in the macerating vats, which were locked by members of the committee, and the paper converted into commercial pulp. In case imperfect or mutilated securities delivered to the Division of Paper Custody by the Bureau of Engraving and Printing bear serial numbers, such serial numbers are now recorded. This was not the practice during the early stages of the war-loan printing.

In this connection it should be stated that only a small percentage of imperfect or mutilated securities bear serial numbers. Moreover, where serial numbers do appear, they have little value for purposes of identification, since a single bond may have been imprinted erroneously, with two numbers, or two bonds may bear the same number.

COUNT AND EXAMINATION BY THE DIVISION OF LOANS AND CURRENCY AND OFFICE OF THE REGISTER.

29. The bonds were delivered by the binding division of the Bureau of Engraving and Printing to the Division of Loans and Currency in packages of 1,000, a temporary receipt being given therefor. Each package was accompanied by a record card which carried the title of loan, denomination, serial numbers, and total number of pieces. This card indicated the various stages through which the package would pass; i. e., the Bureau of Engraving and Printing, the Division of Loans and Currency, and the Office of the Register of the Treasury. With respect to the Office of the Register, the card bore provision for the names of the employees who had counted, arranged for sealing, sealed, examined, and initialed the package. With respect to the Division of Loans and Currency, the card bore provision for the names of the employees who counted and examined the package, the date of count and examination, and the serial numbers. The Division of Loans and Currency did not count or examine the securities upon receipt, but served merely as the receiving agency, the bonds being promptly delivered to the Register of the Treasury and received by the latter office subject to count.

30. Upon receipt by the Register's office the bonds were first counted, then arranged for sealing, sealed, and finally examined. The examining clerk affixed her initials to each bond, after which the package was returned to the supervisor for delivery to the Division of Loans and Currency, appropriate entries having first been made on the accompanying record card to show the names of the employees by whom the package was counted, arranged for sealing, sealed, examined, and initialed, respectively. This card also bore notations as to the defective bonds withdrawn from the package by the Register's force and separately returned to the Division of Loans and Currency for replacement.

31. Upon delivery of the bonds to the Division of Loans and Currency a temporary receipt, subject to count, was given to the Register. In the Division of Loans and Currency the securities were counted and examined as to serial numbers, denomination, impression seal, and imperfections. Where imperfect bonds had been withdrawn by the Register's office, a notation of the missing numbers appeared on the record card, and the missing numbers were verified with the record of defective securities received from the Register for replacement. If a package was found to be free of irregularities, the record card was removed and the package delivered to the wrapping and labeling force. After two employees had verified the loan, denomination, and serial numbers of the securities, the package was wrapped, labeled, and sealed with wax. The bonds were then ready for shipment.

32. If defective bonds were found by the Register's force they were withdrawn from the package, a notation being made on the record card, as previously stated, showing the denomination and serial number as well as the initials of the clerk handling the package. These defective bonds were scheduled by the Register and delivered to the Division of Loans and Currency, an appropriate receipt being given therefor. They were then delivered by the Division of Loans and Currency to the Bureau of Engraving and Printing for replacement, and subsequently delivered by the Bureau to the Division of Paper Custody which in turn delivered them to the Destruction Committee. Perfect bonds furnished by the Bureau in replacement were delivered to the Division of Loans and Currency and by that division to the Register of the Treasury for impression of seal and recording, after which they were returned to the Division of Loans and

Currency for insertion in the respective packages. A descriptive slip had been placed in the package marking the point at which the defective bond had been removed, and this furnished a guide to the inserters. Further verification of the defective bond was secured from the record card which accompanied the package. The withdrawal and replacement of defective bonds found by examiners in the Division of Loans and Currency were handled substantially in the same manner as in the case of defective bonds disclosed by the Register's examination.

33. In both the Division of Loans and Currency and the Office of the Register complete records were made of receipts and deliveries, including defective bonds returned and perfect bonds received in replacement. The two offices were able, therefore, accurately to determine the number of bonds, with respect to any loan, series, or denomination, that had been received and delivered, as well as the number of bonds in the course of examination and issue.

34. The foregoing is the procedure generally followed during the issue of temporary bonds. With respect to several of the loans a slight change in the sequence of operations should be noted, as for example, in the First 4's and Second 4's the bonds were first counted, examined, and initialed in the Division of Loans and Currency before delivery to the Register, and were subsequently counted, sealed, and examined by the Register's force; furthermore, in these loans no record cards were used, but slips marked "Missing" were employed to indicate withdrawals of defective bonds. "Star" bonds were used in the temporary Second 4's to replace defective securities; in all other issues of temporary bonds the replacement bond was intended to be an exact duplicate of the bond withdrawn.

35. During the early period of each loan the demand for bonds required that shipments be made as soon as the bonds were completed, and it was not unusual to ship securities on the same day they were received from the Bureau of Engraving and Printing. Upon receipt of shipping instructions from the accounting section of the Division of Loans and Currency, the bonds were placed in rotary-locked pouches and dispatched to the Federal reserve banks by registered mail, an appropriate advice of shipment being forwarded by separate mail and a copy thereof being inclosed with the securities.

PUBLIC DEBT TRANSACTIONS.

36. In order that the Treasury Department in Washington might be relieved of the handling of millions of subscriptions for bonds, notes, certificates of indebtedness, and other securities of the war-loan issues, the twelve Federal reserve banks, under authority of the act of Congress approved Dec. 23, 1913, as amended, were designated by the Secretary of the Treasury as fiscal agents of the United States to receive such subscriptions, to make allotments, to receive payments, and to make deliveries thereon. These banks are located in Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco. After allotment each Federal reserve bank submitted to the Department an estimate of the number of securities necessary to fill the allotted subscriptions, and at the same time transmitted a formal requisition upon the Division of Loans and Currency for the securities. The accounting section (subsequently the Division of Public Debt Accounts and Audit) authorized the securities section of the Division of Loans and Currency to ship the securities, and opened accounts with each Federal reserve bank under the respective loans. Bearer securities delivered to Federal reserve banks for issue upon original subscriptions were designated "Allotment Stocks."

Subscription Deliveries by Federal Reserve Banks.

37. It would not be practicable to describe the exact procedure followed by each Federal reserve bank with respect to the examination and delivery of securities of the war-loan issues. While the following outline is typical of the procedure followed, exceptions should be noted with respect to the examination, some of the banks requiring that the securities be counted

and examined promptly on receipt. The Treasury did not prescribe procedure, but permitted each Federal reserve bank to adopt such methods as were practicable under the conditions existing.

38. As the bonds were received by the Federal reserve banks they were checked by packages and description appearing on the labels, to determine agreement with the shipping advice. During the peak of the war-loan issues these packages were not opened upon receipt but a portion of the wrapper was torn off in order that the loan, issue, and denomination might be verified. The packages were then stored in the Federal reserve bank vault under the control of the vault custodian.

39. As payments were completed, the full-paid subscriptions were listed on blotters, and a requisition made upon the custodian for the exact number of bonds necessary to make the deliveries covered by each blotter. The bonds were taken from the vault by the custodian, the packages broken and proved, and a sufficient number of pieces of each denomination counted to fill each requisition. An exception to the foregoing should be noted in cases where the requisition called for a sufficient number of bonds to permit the use of one or more full packages; in these instances the full packages were delivered to the delivery section without count by the custodian. Bonds requisitioned from the vault were turned over to the delivery section, where they were put up in packages for mailing to the subscribers. This work was performed, first, by a "payer" who did not actually count the bonds but assembled them by the serial numbers; i. e., if a subscription called for the delivery of fifty \$100 bonds and the serial number of the first \$100 bond in his allotted stock was No. 1000025, he took off bonds down to and including bond No. 1000074. The bonds were then delivered to two "provers" each of whom carefully counted the securities before the package was finally sealed and mailed. The Federal reserve bank was thus assured that the dollar value of bonds delivered equaled the cash paid by the subscriber. The "provers" were required to watch the serial numbers as they counted the bonds, in order to check the "star" bonds and to detect defectively-numbered or imperfectly-printed securities. However, in view of the duplicate-numbered securities which subsequently were disclosed upon retirement by the Register of the Treasury, there undoubtedly were many imperfections in numbering that were not detected by the Federal reserve banks. The Federal reserve banks were particularly careful to prove their bonds on the basis of *number of pieces* and *dollar value*, and during the war-loan period the question of serial numbers was considered by Federal reserve banks as being secondary to proof by money value. Examples of reported instances of correct value and incorrect numbers in securities received by Federal reserve banks appear in paragraph 111 hereof.

TRANSACTIONS FOLLOWING ORIGINAL ISSUE.

The foregoing relates to the examination and delivery of securities by Federal reserve banks upon original subscription. After the bonds had been delivered to subscribers many of them were returned for various purposes, as follows:

40. **Surrender of Coupon Bonds.**—Coupon bonds were returned by subscribers to Federal reserve banks for "denominational exchange"; (i. e., the exchange of large denominations for an equivalent face amount of smaller denominations, or *vice versa*); for conversion into other coupon bonds bearing higher rates of interest; or for exchange into registered bonds. Except with respect to exchanges for registered bonds, the Federal reserve bank made deliveries from its own stock of bonds, and for this purpose each Federal reserve bank maintained what were known as (a) "denominational exchange stock," and (b) "conversion stock." In addition to these two stocks, when the temporary bonds became exchangeable for permanent bonds, in 1919 and 1920, the Federal reserve banks were supplied with large stocks of permanent coupon bonds from which exchanges of temporary coupon bonds were made. This latter stock was known as the "temporary exchange stock." The afore-

mentioned stocks of coupon bonds were delivered to the Federal reserve banks by the Division of Loans and Currency, in the same manner as "allotment stocks" had been delivered at the beginning of each issue.

41. Mr. Brewer states on page 16 of his report of January 15, 1924, that large stocks of bonds were given by Federal reserve banks "to any numbers of banks in various cities of the district, and this multitude of banks would also exchange and re-exchange its revolving stock to suit the desire of any customer, and would furthermore keep no record except in rare instances." Mr. Brewer's statement is not true. Consignment stocks of permanent coupon bonds were issued to incorporated banks and trust companies *upon the deposit of acceptable collateral*, and as customers of these banks presented temporary bonds for exchange the banks delivered permanent bonds from their consignment stocks. A bank would not, however, *reissue* the temporary bonds so received, but was required to surrender the temporary bonds to the Federal reserve bank. Revolving stocks, contrary to Mr. Brewer's assertion, were not maintained by any banks other than the Federal reserve banks. The Government was fully protected in transactions made by banks from consignment stocks since collateral of equivalent value, approved by the Secretary of the Treasury, was required to be deposited with the Federal reserve bank by which the consignment was made. The Government assumed the risk and expense of forwarding temporary bonds transmitted by banking institutions to Federal reserve banks either for credit, in the case of exchanges made as aforesaid from consignment stocks, or for exchange by Federal reserve banks, where the transmitting bank had not obtained a stock of permanent bonds on consignment. Since the Government arranged for the insurance of these shipments, the Treasury required the surrendering bank to stamp an appropriate legend on the face of each bond, rendering the bond non-negotiable and showing that the bond was acceptable only for account of the particular bank named. This was an insurance measure, adopted by the Treasury to protect the interests of the United States, and was not intended, nor could it have been used, as a means of tracing the surrender of the bonds beyond the bank which shipped them.

42. In transactions affecting only bearer securities, the Federal reserve bank effected delivery without referring the transaction to the Treasury. Where registered bonds were affected, however, either in the case of (a) exchanges of coupon securities for registered, (b) exchanges of registered securities for coupon, or (c) transfers of registered securities from one holder to another, the surrendered securities were forwarded to the Division of Loans and Currency and the new securities were issued by that Division, since the controlling registration records are located there. In these cases the Federal reserve bank prepared transmittal schedules describing the bonds surrendered and bonds to be delivered.

Surrender of Securities by Federal Reserve Banks to the Department.

43. Prior to the organization of the Public Debt Service in January, 1920, all retired bearer securities (other than paid securities) surrendered by Federal reserve banks to the Department for credit were required to be forwarded to the Division of Loans and Currency. After examination and audit the securities were delivered by the Division of Loans and Currency to the Register of the Treasury. In January, 1920, such bearer securities surrendered for credit were required to be forwarded by Federal reserve banks direct to the Register of the Treasury. The foregoing exception should be noted, therefore, in connection with the following outline of procedure.

44. From time to time the Federal reserve banks forwarded direct to the Department canceled bearer securities for credit to the following accounts:

Allotment.

Denominational exchange.

Conversion.

Temporary exchange.

Credits to the allotment account represented bearer bonds in excess of the Federal reserve bank's requirements for original deliveries upon subscriptions.

Credits to the denominational exchange account represented in some instances excess bearer bonds which had accumulated in the revolving stocks maintained for the purpose of denominational exchange, and in other cases (where the Federal reserve bank did not maintain a revolving stock) such credits represented the bonds received upon *all* exchanges of denominations. In the case of Federal reserve banks which maintained revolving stocks, since the majority of denominational exchanges involved the surrender of smaller denominations for larger denominations, there were frequent accumulations of smaller denominations in excess of the demand, and to clear its vault of this surplus stock the Federal reserve bank transmitted the bonds, after cancellation, to the Department for credit. On June 30, 1922, revolving stocks were discontinued, and Federal reserve banks are now required to issue new securities upon each exchange. This means, of course, larger returns to the Register for credit to the denominational exchange account, inasmuch as all bonds received upon exchange are canceled and retired.

Credits to the conversion account represented bearer bonds or notes received as a result of conversion into other bearer securities bearing a higher (or lower) rate of interest. These credits were applied to offset deliveries of conversion stock made by the Division of Loans and Currency; e. g., if \$1,000,000 face amount of First 4½'s were forwarded to a Federal reserve bank to be used for deliveries upon conversion, accountability for the latter securities would be discharged by the return to the Department of an equivalent face amount of First 4's or First 3½'s for retirement.

Credits to the temporary exchange account represented temporary bearer bonds of the Liberty Loans received by Federal reserve banks, either direct or through incorporated banks or trust companies in exchange for permanent bonds. As in the case of conversions, the permanent bonds delivered by the Division of Loans and Currency to the Federal reserve banks were offset by the return to the Register of the Treasury of temporary bonds for retirement. The difference between deliveries of permanent bonds by the Division of Loans and Currency to a Federal reserve bank, and receipts of temporary bonds by the Register from the Federal reserve bank, represented the permanent bonds for which the Federal reserve bank was accountable.

45. Unissued stocks—securities which the Federal reserve banks held in excess of their requirements—were in most instances returned to the Register of the Treasury, and were canceled by the Federal reserve banks prior to shipment. Returns to the Division of Loans and Currency occasionally were made (without cancellation), where it was anticipated that the excess stocks might subsequently be used, returns to the Register being made when it was estimated that the surplus could not by any possibility be used. With respect to some of the earlier issues, all returns of unissued stock were made to the Division of Loans and Currency, but this procedure was subsequently changed as described above.

46. The Division of Loans and Currency, as previously stated, handled all transactions affecting registered securities, this being necessary because any transaction involving the surrender or issue of registered securities affected the registration records maintained by that Division. If registered bonds were surrendered for transfer, exchange, or otherwise, the assignments were examined by the Division of Loans and Currency, and registration discharged. The registered bonds were then transmitted to the Register of the Treasury for filing. Retired registered securities are not destroyed, but remain in the files of the Register of the Treasury. If the transaction involved the issue of other registered bonds, such bonds were prepared and shipped by the Division of Loans and Currency; if the transaction involved the issue of coupon bonds in exchange for registered bonds, such coupon bonds were prepared and shipped by the Division

of Loans and Currency or Federal reserve banks were authorized by that Division to make deliveries from their stocks of coupon bonds maintained for such purpose. If coupon bonds were surrendered for exchange into registered bonds, such coupon bonds were examined by the Division of Loans and Currency and then forwarded to the Register of the Treasury, and the registered bonds were prepared and shipped by the Division of Loans and Currency. Up to November 18, 1921, registered securities forwarded to the Division of Loans and Currency by Federal reserve banks were not canceled until after their receipt in the Department. Since that date, however, Federal reserve banks have been required to cancel the securities prior to shipment to the Department.

Deliveries by Federal Reserve Banks to the Treasurer of the United States.

47. The transactions previously described, such as denominational exchange, conversion, temporary exchange, etc., involve the exchange of securities without debt retirement. Where securities are presented for redemption or payment, and the Federal reserve bank makes payment thereof and enters a charge in its account with the Treasurer of the United States, the paid securities must be surrendered to the Treasurer of the United States. Since in the case of registered securities the assignments must be examined and approved by the Division of Loans and Currency, registered bonds or notes received by Federal reserve banks for payment or redemption are first transmitted to the Division of Loans and Currency and by that Division forwarded to the Treasurer. The Treasurer, after examining the securities, delivers them to the Register of the Treasury. Bearer securities paid or redeemed by Federal reserve banks, including paid interest coupons, are canceled and forwarded direct to the Treasurer of the United States. After examination they are delivered by the Treasurer to the Register of the Treasury.

Receipts by the Division of Loans and Currency Direct from the Public.

48. In order better to serve the public and avoid congestion in the handling of public debt transactions, the Treasury has continually urged individuals and banking institutions to conduct their transactions through the Federal reserve bank of the district. Mr. Brewer calls attention to the activity of the Treasury in this direction, and implies that there may have been some questionable motive behind the efforts made to have bonds routed through the Federal reserve banks rather than direct to the Treasury. When the enormous volume of the public debt transactions is considered, the value of decentralization becomes apparent, for by diverting these operations to the twelve agencies the Treasury avoids the congestion that inevitably would otherwise arise. It is doubtful, in fact, if the Treasury Department in Washington could have successfully handled the unprecedented volume of transactions incident to war-loan issues without the assistance of the Federal reserve banks. There are, however, thousands of transactions presented direct to the Treasury instead of through Federal reserve banks, and in the handling of these transactions the Division of Loans and Currency acts substantially in the same manner as a Federal reserve bank, the retired securities being examined, scheduled, and forwarded to the Register or the Treasurer, as the case may be, and the transactions being reported to the Division of Public Debt Accounts and Audit.

Interest Coupons.

49. Retired interest coupons reach the Register of the Treasury from several sources. Over 91 per cent are paid coupons received by the Treasurer of the United States from Federal reserve banks and branches thereof, and from depositary banks. These paid coupons are examined by the Treasurer of the United States and delivered to the Register of the Treasury,

the coupons paid and cleared by the Treasurer during the month constituting the unit of settlement. Each monthly settlement is audited by the Register and a certificate transmitted by the Register to the Comptroller General. The audit of paid coupons by the Register includes an examination as to loan and denomination. The coupons are required to be in this arrangement when received from the Treasurer. Mr. Brewer refers to a statement furnished under date of February 10, 1923, by Mr. F. A. DeGroot, Acting and Assistant Register of the Treasury, in which Mr. DeGroot states that "there is no audit which the Government makes which segregates the coupons by dates when the payment is due." This is correct at the present time, for, as above stated, the Register's audit is on the basis of settlement months, with subdivision according to loans and denominations. Moreover, the assortment to serial numbers and recordation of coupons automatically checks the interest payment dates. The Division of Public Debt Accounts and Audit, however, is able from its accounts to determine the amount of interest payable on each interest payment date. The charges made by the Treasurer of the United States against the respective loan appropriations indicate the amount of interest paid on each *loan* during a given month. This does not mean that either the Treasurer's examination or the Register's audit of coupons establishes the number of paid coupons covering a particular maturity date, but merely the number of coupons of each denomination in a given loan paid during the month. For the Treasury's purposes this method of charging interest is deemed to furnish adequate control of the payments, and any further division of the payments into the respective maturity dates would involve additional expense without strengthening, to an appreciable extent at least, the control now provided. Moreover, the aggregate of interest paid would reflect any overpayments such as would inevitably occur if the alleged excessive over-issues had taken place. As previously stated, the Division of Public Debt Accounts and Audit establishes the amount of interest payable. The amount of interest *paid* could not exceed that amount without attracting the attention of the auditor. There are numerous instances, of course, where coupons payable in a given month are not cashed until the month following, or later, and it is not unusual that a few coupons should be outstanding for years. It may safely be assumed, however, that the interest payments during the month in which interest became payable, plus payments made in the succeeding month, reflect the approximate outstanding principal.

50. In addition to *paid* interest coupons received, as above described, from the Treasurer of the United States, the Register receives *unissued* coupons which have been detached from bonds held in stock by the Federal reserve banks and the Division of Loans and Currency. The unissued coupons so detached are canceled and forwarded to the Register with appropriate advice to the Division of Public Debt Accounts and Audit. From the control accounts maintained in the latter Division, information is available as to the amount of unissued coupons which should be detached and surrendered from unissued stocks, and these accounts, together with the confirmation of delivery of the detached unissued coupons to the Register, establish complete control over unissued coupons and at the same time gives a periodic check on securities held by Federal reserve banks. Detached coupons handled by the Register represent a comparatively small percentage of the coupon work; over 91 per cent being in the form of paid coupons received from the Treasurer. Elsewhere in this reply will be found a description of the several working stocks of bearer securities maintained by the Federal reserve banks and the Division of Loans and Currency for deliveries upon exchange and conversion transactions.

PROCEDURE IN OFFICE OF THE REGISTER OF THE TREASURY WITH RESPECT TO RETIRED SECURITIES.

51. The Register of the Treasury receives securities from Federal reserve banks, the Treasurer of the United States, the Division of Loans and Currency, and, in the case of certain War Savings securities, the Postmaster General. The following description relates to securities transmitted to the Register by Federal reserve banks for credit to stock accounts. Similar procedure is followed with respect to paid securities, except that the securities are first examined and audited by the Treasurer of the United States. Prior to shipment to the Department the securities are arranged by the Federal reserve bank according to loan, issue, and denomination. The bonds are then assorted according to serial number and are listed on a transmittal form, hereinafter designated the "schedule." The securities are forwarded in rotary-locked pouches to the Register of the Treasury (Division of Vaults and Files) where the rotary locks are checked to determine that the pouches have not been tampered with in transit. The securities are delivered by the Division of Vaults and Files to the Division of Canceled Securities for audit and examination.

Division of Canceled Securities.

52. The bonds are first verified as to loan, denomination, number of coupons detached, and cancellation, and in addition the first and last serial number of each schedule sheet is checked. The securities comprising a single shipment are given a "lot" number which establishes their identity and appears on all records pertaining to the shipment. A single lot, however, might include 100 or more packages. The packages are taken to the canceling room, and although they have previously been canceled by the Federal reserve bank a second perforation is made through the body of the bonds, such latter perforation being subsequently used in connection with the sealing. The bonds are next delivered to the "first count unit," where they are counted and proved with the totals claimed by the Federal reserve bank. This count is "blind," the counters not knowing the total to be reached. The supervisor holds the control sheets and the counters are required to report their findings to her. In this manner any difference between the schedule and the securities is readily detected. This operation is not confined, however, to the counting of the securities, but includes an examination thereof as to loan, issue, denomination, number of coupons detached, cancellation, and mutilated or imperfect securities. All discrepancies are noted by the supervisor, to whom they are reported by the examining clerks.

53. The securities are then routed to another group of clerks known as the "checking unit." Here the serial numbers appearing on the securities are verified with the serial numbers listed on the Federal reserve bank's schedule. Errors in listing, such as transposed digits, are detected, the checking clerk making an appropriate correction on the schedule. All discrepancies affecting the audit are reported by the clerks to the supervisor, who makes an appropriate notation on the shipping adviee and schedule.

54. The bonds are again counted, the counters not knowing the total to be reached, but submitting their findings to the supervisor. The securities are then sealed and returned to the vault. The sealing prevents unauthorized abstractions, and consists of threading a heavy cord through and around each package in such manner as to prevent the removal of a bond without breaking the cord or tearing the security. The two ends of the cord are threaded through a lead seal which is then impressed by hand, securely fastening the cord. After sealing, the packages are placed in the vault of the Division of Canceled Securities, a record thereof being made. A permanent receipt is then prepared and mailed to the Federal reserve bank, and the audited securities are transferred from the vault of the Division of Canceled Securities to the Division of Vaults and Files, where they remain until requisitioned by the Division of Destruction.

Simultaneously with the delivery of bonds to the Division of Vaults and Files, the schedules relating thereto are delivered to the Division of Numerical Records. (Several months ago the Division of Canceled Securities, which formerly handled only securities retired on account of exchanges, stock returns, etc., was consolidated with the Division of Paid Securities, which formerly handled only securities retired on account of payment or redemption. The procedure in the consolidated division is substantially similar to that described above.)

Division of Numerical Records.

55. The foregoing relates to the audit and examination of the securities. Their retirement, by serial number, has not yet been recorded, and for this purpose the schedule, rather than the securities themselves, is used. The Division of Numerical Records maintains registers, by loans, issues, and denominations, of all serial numbers issued. Against these numbers the retirements are posted, a notation being entered as to the transaction under which the bonds were retired. Should the numericals disclose the previous retirement of a bond appearing on a particular schedule, thus indicating an apparent duplication of serial numbers, the posting clerk delivers a memorandum to her supervisor, showing the facts of the apparent duplication. Usually the discrepancy is adjusted through an examination of the earlier schedule, otherwise, a discrepancy sheet showing the loan, lot numbers, and package numbers affected, as well as the denomination and duplicated serial number, is prepared and forwarded to the Division of Canceled Securities, in order that the latter Division may examine the two bonds in question and determine whether or not a duplication of numbers actually occurred. Many of these apparent duplications are traceable, as stated in paragraph 87 hereof, to errors by the Federal reserve banks in the preparation of the typewritten schedules, such errors not having been detected by the checking clerks in the Division of Canceled Securities. In the event it is shown that both bonds actually bear the same serial number, the packages affected are temporarily withdrawn by the Division of Canceled Securities from the Division of Vaults and Files, and a memorandum, signed by the Register, is attached to each of the bonds affected. The bonds are then reinserted in the packages and the packages returned to the Division of Vaults and Files. In addition, current index files are maintained in the Division of Canceled Securities, the Division of Numerical Records, and the Division of Inquiries, reflecting all instances of duplicate-numbered securities of which the Register's office has knowledge. After the numerical registers have been posted, the schedules are retained in the Division of Numerical Records pending their requirement by the Destruction Division in connection with the audit of securities prior to destruction.

56. Under "Source of Bonds Obscured," Mr. Brewer attempts to prove that procedure in the Federal reserve banks as fiscal agents of the United States, was so devised as to prevent the tracing of securities through to the source of presentation. This procedure is covered elsewhere in the Treasury report, but it is deemed appropriate in this connection to call attention to Mr. Brewer's statement that the numerical registers were maintained only at Washington, and that "at Washington only was it probable that duplicate bonds would be discovered." It was and still is manifestly impossible to maintain such a record in twelve Federal reserve banks, as well as at the Treasury, and have the record serve the purpose for which it was intended. Bonds were being surrendered at the twelve Federal reserve banks, and if numerical registers were maintained by these banks, such registers to be of value must disclose the retirements of *all* bonds, whether surrendered at Atlanta, Dallas, San Francisco, Boston, or elsewhere. Otherwise, bond No. 979 might be surrendered at New York, while a bond bearing like number might be surrendered at San Francisco, and neither New York nor San Francisco would have knowledge of the retirement made by the other bank. The maintenance of a master record in the Treasury Department at Washington was and still is the only safe and practicable method of recording retirements.

Destruction Division.

57. Although the destruction of bonds, notes, certificates of indebtedness, and interest coupons was discontinued on April 22, 1922, the following was the procedure followed by the Division of Destruction prior to that date. It is important to note that prior to destruction the securities were accorded an exhaustive examination and count by the Division of Destruction, such examination including a comparison of the securities with the schedules, as a result of which numerous errors in listing, which had escaped detection in the previous audit, were disclosed. These errors were reported to the Division of Numerical Records in order that the numerical registers might be corrected.

58. The Destruction Division made requisition upon the Division of Vaults and Files for such lots of securities as were desired for audit and destruction, and at the same time requested the Division of Numerical Records to deliver the schedules covering such lots. In order that the securities might be destroyed in practically the same order as received by the Register, the Destruction Division endeavored to audit the shipments in numerical sequence of lot numbers. After count, audit, and verification the securities were delivered to the Destruction Committee, and at the time of delivery were checked by the Destruction Committee as to *number of packages*, loan, issue, denomination, and lot number. The Destruction Committee did not *count* the securities. The packages were placed in trunks and conveyed to the maeerating room in the Bureau of Engraving and Printing, where they were cut into strips and macerated. In the earlier period of destruction of Liberty Loan issues, it was the practice, if securities were missing or if other irregularities were disclosed in the course of audit, to make proper notation of such securities or irregularities and to destroy the remainder of the lot, the destruction records in such cases reflecting the destruction of only such securities as were actually destroyed. Subsequently it was decided to withhold from destruction any lot in which discrepancies were indicated, and under date of July 7, 1921, the Under Seeretary of the Treasury issued orders to such effect.

59. Interest coupons to be destroyed were requisitioned from the Division of Interest Coupons by loan and interest payment dates. The coupons were counted in the Division of Interest Coupons under the supervision of employees of the Destruction Division. After being strapped in packages of 1,000, the coupons were checked and verified by the Destruction Division before delivery to the Destruction Committee. The Destruction Committee did not count the coupons but counted the packages only.

Division of Inquiries.

60. Prior to March 1, 1920, inquiries reaching the Office of the Register with respect to retired securities were handled by the respective sections or divisions concerned. This resulted in confusion, since there was no central record of the correspondence, and particularly since two or more sections or divisions might be called upon to furnish information pertaining to the same securities. That portion of the Register's order of March 1, 1920, announcing a change in the method of handling inquiries, and prescribing the procedure to be followed, is as follows:

OFFICE OF THE REGISTER,
TREASURY DEPARMENT,
March 1, 1920.

Memorandum for Chiefs of Division And All Others Concerned:

Beginning March 1, 1920, all inquiries regarding paid or canceled Bonds, Coupons, War Savings Stamps, Treasury Saving Certificates or other United States securities in the custody or recorded on the books of this office, will be received and handled in the first instance and in the last instance by Mrs. Norton, Chief of Inquiry Section, Room 503. All inquiries received direct by any other person in this office should be first referred to Mrs. Norton for attention. It is expected that all inquiries

touching these matters shall be addressed to the Register of the Treasury and all answers to such inquiries will be prepared by Mrs. Norton's section for the Register's signature, and based upon reports received from the division or section best qualified to furnish adequate information upon the subject matter.

The information furnished to the Inquiry Section shall be written on the reverse side of the inquiry blank, which such division or section will receive from Mrs. Norton.

If information is required from the Division of Numerical Records, Mrs. Marcher will first indicate what the records of her division show in regard to the particular bond or other security, or in case of coupons, Mr. Leakin's division will make the first report. If it is necessary to examine the bond or other security itself, such examination will be made and the report thereon submitted by the chief of the division, (or his representative) which handled and audited the bond in question before the same was deposited in the files. For example, paid securities will be examined by Mr. Ferree, canceled securities by Mr. Brand, and coupon securities by Mr. Leakin. Mrs. Marcher will make the examination of such bonds as she has previously handled of Loans and Currency cases, except those bonds which have been recounted by the Register's office, and sealed and delivered to Mr. Meyer, Chief, Division of Vaults and Files. Mr. Meyer will make examination of any bonds or securities so sealed and delivered to him, and will make examination of such securities as do not properly fall under the jurisdiction of chiefs of other divisions.

Of course, it is understood that in the examination of all bonds, or other securities, by the respective divisions directly concerned in the same, Mr. Meyer shall have a representative present and shall see that such securities are properly sealed with the seal of the division originally handling same, and returned to the files. No bond or other security shall be withdrawn from the files for delivery to any person outside of the Register's office, without the written approval of the Register of the Treasury, or, in his absence, the Assistant Register, and all bonds so withdrawn shall be transmitted to the person having proper authority to receive the same through the section of Inquiries, which section shall take appropriate receipt therefor in triplicate, one receipt to be delivered to the Division of Vaults and Files, one to the division directly concerned in making the withdrawal and the third to be filed under the inquiry number in the section of Inquiries. Upon the return of such bond, the receipt so taken shall be delivered to the person returning the bond.

* * * * *

(Signed) W. S. ELLIOTT,
Register of the Treasury.

61. This method of receiving inquiries and furnishing information has continued to be followed, with a few minor exceptions, up to the present time. It affords the Register an opportunity to control the information given and to prevent duplication of work. It will be noted that the chief of the division, or his representative, by which the securities had been audited, was at all times permitted to re-examine the package, the only restriction being that such re-examination be made in the presence of a representative of the Division of Vaults and Files; or if the entire package was required by the audit division after it had been returned to the vault such package could be requisitioned through the Division of Inquiries. It was not deemed necessary, or in fact orderly, to permit all divisions to have access to all securities, and the re-examination was restricted, as above stated, to the particular division by which the securities were audited.

Division of Interest Coupons.

62. As stated in paragraph 49 hereof, paid interest coupons are received from the Treasurer of the United States on the basis of monthly settlements. The coupons when delivered by the Treasurer are accompanied by schedules reflecting in summary form the loans, denominations, and aggregate amounts transmitted by each of the Federal reserve banks and branches thereof.

63. The Division of Interest Coupons first counts the coupons, the counters not knowing the total to be reached but reporting their findings to the supervisor. The result of this count is checked against the Treasurer's schedule and certification is thereafter transmitted to the Comptroller General and the Treasurer. Differences are adjusted with the Treasurer of the United States, and excess coupons not called for by the schedule are returned to the Treasurer after proper amendment of the schedules. The coupons from each paying agency, that is,

each Federal reserve bank and each branch Federal reserve bank, are audited separately and are arranged in boxes according to loan and denomination. They are then run through automatic stamp canceling machines, by which the name of the paying agency and the month of payment are stamped on the back of each coupon. The coupons are then reboxed by loan and denomination but without regard to paying agency. They are then arranged in numerical order by loan, denomination and maturity date, the coupons covering six months' receipts being placed in one lot, and after assortment recorded in numerical registers. They are subsequently filed according to loan, denomination, maturity date, and serial number. The numerical registers of interest coupons were discontinued late in 1919, but in view of the McCarter charges and subsequent accusations by Mr. Brewer, it was decided to resume the recordation of coupons, and accordingly in April, 1922, the Register was directed to make such recordation. The Department did not consider that any such recordation was actually necessary, but it was believed that the best answer to the stories of fraud would be a complete record in the Register's office of the issue and return of all public debt securities and the interest coupons appertaining thereto. Further reference to the assorting and recording of interest coupons will be found in paragraph 175 hereof.

64. Unissued coupons, detached from reserve stocks of securities held by the Division of Loans and Currency and the Federal reserve banks, are handled substantially in the same manner as *paid* coupons, except that such retirements do not affect the Treasurer's account, and the canceled coupons, therefore, are received direct from the Division of Loans and Currency or the Federal reserve banks.

Division of Vaults and Files and Division of Accounts.

65. In addition to the divisions previously mentioned, there are maintained in the Office of the Register a Division of Vaults and Files, by which the securities are received and to which securities are returned after audit, and a Division of Accounts, which maintains records reflecting issues and retirements of public debt securities. All deliveries of securities by the Bureau of Engraving and Printing are reported to the Register, and as surrendered securities are received by the Register an advice of receipt is promptly transmitted to the Division of Accounts and thereafter each division receiving or delivering securities is required to advise the Division of Accounts as to such receipt or delivery.

REPORTS AND AUDIT OF TRANSACTIONS.

66. All of the transactions conducted by Federal reserve banks are required to be reported periodically to the Division of Public Debt Accounts and Audit. Reference to the work of this Division will be found also in paragraph 113 hereof. Accounts are maintained under each transaction and loan, and securities received from Federal reserve banks by the Division of Loans and Currency, the Treasurer of the United States, and the Register of the Treasury are carefully verified with the Federal reserve banks' reports, and all discrepancies are required to be adjusted. Similarly, all deliveries by the Division of Loans and Currency to Federal reserve banks are reported by both the Federal reserve bank and the Division of Loans and Currency. The monthly statement of the public debt is prepared primarily from information furnished by the Division of Public Debt Accounts and Audit. In addition, the Division of Public Debt Accounts and Audit from time to time wherever practicable examines and audits the various operating units in the Public Debt Service. These audits are made without notice, and in this manner the Division of Public Debt Accounts and Audit is able to check the actual conditions in the unit audited against the balances currently reported. The examination and audit is not confined to units actually handling securities, but includes the units which maintain the ledger accounts of holders of registered bonds. Each bookkeeper, therefore, is

subject at all times to an examination of accounts for which he is responsible, these being aggregated and checked by the auditors against the control record. The entire contents of the security vault in the Division of Loans and Currency are audited periodically, and during the course of this audit the vault employees are required to work jointly with the auditors, in order that daily withdrawals from the vault may be made without affecting the auditors' proof. Since Mr. Brewer's report does not mention the Division of Public Debt Accounts and Audit, it is important that the scope of this division's activities be fully realized, for a full understanding of the accounting safeguards erected in the Public Debt Service answers any such charges as have been made by Mr. Brewer concerning the integrity of the Government's securities.

DUPLICATE SERIAL NUMBERS.

In support of the charge that there have been fraudulent duplications or over-issues of the public debt, Mr. Brewer attempts to show that such fraudulent duplications or overissues are evidenced by the appearance of securities bearing duplicate serial numbers. Since his charges relate principally to the receipt by the Treasury of securities bearing duplicated serial numbers, and because of the fact that practically all of the other accusations are based in large measure upon such alleged duplicate-numbered securities, this matter should be considered first.

67. The Treasury has never denied the existence of bonds, notes, and other securities bearing duplicated serial numbers. Errors in numbering occurred during the printing of the securities, and while most of these were detected in the several examinations prior to issue, some escaped detection, with the result that in a comparatively few instances improperly-numbered securities ultimately were issued to the public. Such securities bore the seal of the Treasury and were complete and valid in every respect, and in no instance was any such improperly-numbered security delivered without full payment therefor to the United States. There is no basis, therefore, for the charge that there has been a duplication or overissue of the public debt by reason of such duplicate-numbered securities.

68. All of the distinctive paper used by the Bureau of Engraving and Printing in the printing of bonds, notes, certificates of indebtedness, and other securities, is received by the Bureau from the Division of Paper Custody. Imperfect work is returned to the Division of Paper Custody, and perfect work is delivered to the Division of Loans and Currency. During the period 1917 to 1922, the Bureau of Engraving and Printing returned to the office of the custodian of paper (now the Division of Paper Custody) over 18,000,000 sheets of mutilated, imperfect, or otherwise defective bond paper and incomplete work. These included imperfectly-numbered as well as imperfectly-printed securities. During the same period, the Bureau delivered to the Division of Loans and Currency over 211,000,000 pieces of presumably perfect securities. The records disclose that the examination of these securities by the Division of Loans and Currency, or jointly by that Division and the Register of the Treasury, resulted in the detection of 310,000 improperly-numbered or improperly-printed bearer securities, which were returned to the Bureau for replacement. Compared to the number of imperfect securities discovered by the Bureau before delivery or rejected in the examinations after delivery, the duplicate-numbered securities which have been detected in the Register's office represent an insignificant total of imperfect securities which escaped detection and were actually issued. Further evidence is hereinafter given establishing the fact that these duplicate-numbered securities were the result of errors in numbering and the subsequent failure to detect the errors.

69. Of the duplicate-numbered securities discovered in the Register's office, a large percentage have been determined to be "make-up" bonds. In paragraph 25 hereof appears a description of the "make-up" operation. Where bonds printed in regular course are found to be imperfectly-printed or otherwise defective, "make-up" bonds are substituted, the serial numbers of the "make-up" bonds being imprinted with "paging" machines. The "paging" machines were not uniform as to either style or size of numerals, and the numbers imprinted by these machines bear only general resemblance to numbers imprinted by the ordinary presses. The method of impression being different, the "make-up" numbers have certain characteristics which usually render them distinguishable; as, for instance, the impression may be lighter, and the numerals are not so sharply outlined. In order to affix serial numbers to a "make-up" bond, the operator must set the digits by hand. Each wheel is turned separately, and between each digit a key digit is embossed to serve as a guide in setting the machine; for instance, if the number 90346 is to be set, the operator turns the wheels until the number 90346 is reflected by the key numbers. She then stamps the number on the bond, using foot pressure for the impression. No proof sheets are taken, and investigators of the Treasury who recently examined these machines noted the difficulty with which the small embossed key numbers may be read under artificial light.

70. During the peak of the war-loan issues the Bureau of Engraving and Printing was in operation continuously day and night, and many of the employees worked as long as 12 or 14 hours a day. The long hours and unsatisfactory working conditions resulted, in many instances, in both mental and physical fatigue. When the magnitude of the war-loan issues is considered, and it is realized that war-time conditions made it necessary to bring into the Bureau from every section of the country hundreds of untrained employees, it is not surprising that errors occurred. "Make-up" bonds were prepared in part by inexperienced and untrained employees, working under most undesirable conditions, and it is almost wholly to this source that the duplicated serial numbers may be traced.

71. Mr. Brewer claims that the numbering devices on the printing machines could not repeat except by design, and he attempts to support his claim by the affidavits of George F. Peck and Charles A. Parent, foremen in the Bureau of Engraving and Printing. Mr. Parent, who is technical foreman of presses in the numbering division in the Bureau, states in his affidavit that it "is an impossibility for numbering machines to duplicate themselves accidentally on my work without being detected." He implies that such repetitions similarly would be impossible in the surface division, for he states "the mechanical operation of the numbering block in numbering machines for use in numbering bonds is the same and functions in the same way as when numbering money." Notwithstanding the sworn statements above mentioned, duplications of numbers not only are possible but actually occur.

72. It is appropriate at this point to call attention to the fact that the numbering devices on the main presses are not, as is commonly supposed, entirely mechanical in operation. Mr. Brewer has failed to mention that only the four right-hand digits are intended to change with the operation of the press, and that all other digits must be changed by hand. As an example, if during the surface printing a bond with 30 coupons attached is numbered 1729999, the pressman, before proceeding with the next bond, must stop his press and change by hand at least 31 numbering blocks (covering the bond head and the 30 coupons) from 1720000 to 1730000. There is constantly present, therefore, the possibility of an error in hand-setting the numbering wheels. A recent instance of this class of error is described in paragraph 111 hereof, the Federal Reserve Bank of Richmond having reported the receipt of five Treasury Savings Certificates numbered C-0279996, C-0279997, C-0279998, C-0279999, and C-0270000. These five certificates were contained in one book and were numbered on the surface printing

machines. Apparently the pressman failed to stop his press and change the number "7" to "8" (by hand) before printing the fifth certificate.

73. Mr. Brewer submits an affidavit executed by G. P. Jackson, chief of the binding division of the Bureau of Engraving and Printing, under date of November 17, 1923, in which Jackson states that certain bonds shown to him bear numbers which indicate that such bonds were not among those legitimately numbered for issue. That the chief of the binding division of the Bureau of Engraving and Printing could have made with sincerity a statement such as that appearing in Mr. Jackson's affidavit, as well as additional similar statements and affidavits signed by him, is almost inconceivable, for it was in the binding division that a large percentage of "make-up" bonds was prepared. On June 30, 1922, the Director of the Bureau of Engraving and Printing (Mr. Hill) was ordered to submit specimens of the work of all the numbering machines used by the Bureau during the printing of the war-loan issues and thereafter. In response to this order the Director submitted two sheets bearing 75 impressions, and stated in his accompanying memorandum that these impressions represented *all of the styles of numbering blocks used in the Bureau since its establishment*. As a matter of fact the sheets *did not bear a single impression from the "paging" machines which were used in the preparation of "make-ups."* Subsequently, under date of February 12, 1924, the Director of the Bureau of Engraving and Printing was ordered to submit to the Under Secretary of the Treasury a complete set of specimen impressions from "paging" machines used by the binding division. The specimens then delivered are presumably complete, and upon comparing such specimens with the identical securities which Jackson swears are illegitimately numbered, experts of the Treasury have indisputably established the fact that the serial numbers appearing on these securities *were imprinted by paging machines in the binding division of the Bureau of Engraving and Printing*. The style of numeral, the imperfections in type, and other general characteristics were disclosed by comparison to be *identical*.

74. Messrs. George M. Duncan and Edward E. Myers, employees of the Bureau of Engraving and Printing, were designated by the Secretary of the Treasury to examine certain securities withdrawn by Mr. Brewer from the files of the Treasury and alleged by Mr. Brewer to be "spuriously" numbered. These employees are specially qualified, by reason of experience and training, to determine the validity of numbers appearing on Government securities. Their report, submitted under date of April 18, 1924, appears as Exhibit D hereof. It is important that the statements of these experts be carefully noted in connection with the allegations made by Mr. Jackson and Mr. Leesnitzer and referred to by Mr. Brewer. It is shown that the conclusions reached by Jackson and Leesnitzer are absolutely without foundation and that either willfully or otherwise they have misstated the facts. *Every security referred to by Jackson or Leesnitzer as having been "spuriously" numbered has been shown to be a valid security, bearing the printed seal of the Treasury and the impression seal affixed by the Register or the Division of Loans and Currency.* The numbers appearing on these securities have in every instance been established to have been affixed at the Bureau of Engraving and Printing.

75. Mr. Brewer claims with respect to certain duplicated numbers that he is able to show that one of the duplicate numbers was imprinted with ink different from that used by the Bureau. He submits an affidavit executed by G. P. Jackson, chief of the binding division of the Bureau, who states that "the ink is of a different shade used by the Bureau and of a glossy appearance not used in the Bureau work." Investigation of this statement discloses that "make-up" coupons bearing numbers which have been proved to be imprinted from "paging" machines used by the Bureau of Engraving and Printing bear the identical gloss which Jackson claims did not appear on any of the Bureau's work, and an additional specimen of this gloss is found on "make-up" registered bonds. Since Mr. Brewer claims that no irregularities were attempted

with respect to registered securities, it is important to note that the suspicious "gloss" appears on "make-up" registered securities. This is another evidence of the apparent unreliability of statements made, and in some instances sworn to, by Mr. Jackson.

76. It will be observed that Mr. Leesnitzer, foreman of the surface division, makes a definite statement that with respect to small dots appearing over certain numbers "there is no possibility of such dots being made legitimately on a numbering machine which has been in the Bureau during the thirty-one years I have been connected with the Bureau." This statement by Mr. Leesnitzer is false. Other employees of the Bureau, whose periods of service and experience are comparable to Leesnitzer's, state positively that it is possible for such dots to appear, the dots being due to the fact that the succeeding digit on each wheel is raised at such an angle that if extraordinary pressure is used the paper is crimped so that not only the regular number is imprinted but there is the additional impression of the top of the following number or the lower portion of the preceding number. This "dotting" is also caused by the accumulation of ink between the figures of the discs on the numbering machines. It is noted that specimens of impressions submitted by the Director of the Bureau of Engraving and Printing on June 30, 1922, for use in the Treasury's investigation of duplicate numbers, bear the same dotted imperfections that are mentioned in the Leesnitzer affidavit. Numerous other examples of this "dotting" have been found by the Treasury.

77. In his report of January 15, 1924, Mr. Brewer claims that "spuriously numbered bonds have been placed in the packages of good bonds and issued from the Treasury, and the general scheme was to place them in packages of differently numbered bonds but which resembled the number marked on the packages."

The Treasury's investigation, as previously stated, discloses that there were no "spuriously numbered" bonds, but that there were *duplicate-numbered* bonds, practically all of which are traceable to errors in preparing "make-up" bonds. When a "make-up" bond was prepared it was inserted in the package from which the imperfect bond had been extracted, and at the exact place from which the imperfect bond had been withdrawn. It is obvious that if errors were made in numbering "make-ups," the erroneously numbered securities, in many instances, did not conform, as to serial number, to the other bonds contained in the package. This depended, however, upon the location of the error; if the error affected the three right-hand digits, e. g., bond No. 1776534 in place of No. 1776634, the imperfectly-numbered security would appear in the same package with bonds of the 1776000 series, whereas if the error occurred in higher digits, as, for example, bond No. 1786534 in place of 1776534, the bond would appear in a package containing securities of an entirely different series.

78. The supporting statements and affidavits submitted with Mr. Brewer's report frequently fail to state all of the facts. As an illustration, attention is invited to his Exhibit No. 7. This exhibit is an affidavit executed by Magdalen Gallagher, who states that she was employed in the binding division of the Bureau of Engraving and Printing, and that she received imperfect bonds from the Division of Loans and Currency and delivered "make-up" bonds to a representative of that Division. She describes the method of receipt and delivery and states that she does not believe it possible that mistakes were made in the preparation of the "make-up" bonds, for the reason that deliveries to Loans and Currency were carefully checked by the representative of that Division. This affidavit makes no reference whatsoever to "make-up" bonds prepared by the Bureau to replace imperfectly-printed bonds *detected in the Bureau prior to delivery of the securities to the Division of Loans and Currency*. It is to these replacements that practically all of the duplicate-numbered securities may be traced, yet the Gallagher affidavit refers only to errors corrected at the request of the Division of Loans and Currency, and Mr. Brewer omits any reference to the other "make-up" bonds.

RECORD OF REPLACEMENTS.

79. On page 26 of his report of January 15, 1924, Mr. Brewer appends a note to the effect that the "make-up" lists compiled by the Bureau of Engraving and Printing and the Division of Loans and Currency do not include the numbers of certain bonds with respect to which he examined duplicate-numbered coupons, notwithstanding the fact that such coupons were "make-ups." Attention has already been directed to errors in the preparation of "make-up" bonds. Errors are likewise indicated in other work of the binding division of the Bureau, including the preparation of the "make-up" lists, and were due, no doubt, to the unfavorable working conditions to which reference has already been made. The securities received numerous counts and checks in the Bureau, and afterwards received two rigid examinations and counts, by the Register and the Division of Loans and Currency, respectively, before delivery to the Federal reserve banks, so that omissions from the "make-up" list have no serious significance and could not have affected the accuracy of the issue records in the Division of Loans and Currency. The foregoing relates to the lists of "make-up" bonds issued on replacement. In addition, as herein-after explained, lists of "star" bonds were frequently found to be incorrect, and there were numerous complaints from the Office of the Register of the Treasury that bonds listed as having been replaced by "stars" were shown by the Register's records to have been issued, and upon investigation of these complaints by the binding division of the Bureau the correct description of the replaced bonds was given and the lists corrected.

STAR BONDS.

80. In several of the issues, but not in all, the Treasury adopted the plan of replacing imperfect securities by "star" bonds. A separate series of bonds numbered beginning with "1" in each denomination and bearing a star prefixed or suffixed to the serial number was used to replace defective bonds. This method of replacement had previously been adopted by the Treasury in the printing of currency. "Star" bonds should not be confused with "make-up" bonds; the latter being an exact duplication, *including serial number*, of the bonds which they replaced. If an imperfect bond was detected it was withdrawn and a "star" bond substituted; thus in a package containing bonds Nos. 6000001 to 6001000, if bond No. 6000735 had been found in examination to be defective, a "star" bond (numbered, say, 25) was substituted. When bonds were delivered by the Bureau of Engraving and Printing to the Division of Loans and Currency they were accompanied by a list setting forth (a) the serial numbers of the "star" bonds contained therein and (b) the serial numbers in place of which the "star" bonds had been substituted. With respect to the permanent bonds, a carbon copy of this list was delivered to the Register of the Treasury and used by the Register's office as a medium for posting the numerical registers to show the replacement of the imperfect bonds by "star" bonds. In the example given above, the Register would place a notation in his numerical register opposite bond No. 6000735 to the effect that it had been replaced by "star" bond No. 25. In the case of the temporary Second 4's the "star" bonds were delivered in advance to the Division of Loans and Currency, and were inserted, as required, by that Division without reference to the Bureau, and a list of such "star" bonds and the numbers replaced thereby was furnished the Register by the Division of Loans and Currency. Further, with respect to temporary Second 4's, "make-up" bonds were used by the Bureau for replacements, and "star" bonds were used, as stated, by the Division of Loans and Currency, so that it was not unusual that both "make-up" bonds and "star" bonds should have been found in the same package.

81. Mr. Brewer refers to the apparent destruction of certain bonds which the records showed had never been issued. The Treasury is at a loss to understand exactly what he is endeavoring to state in this connection. He describes his investigation of nineteen \$1,000 bonds,

thirteen \$100 bonds, and seven \$50 bonds, and acknowledges that such investigation disclosed that the destruction schedule bore a notation which clearly established the fact that certain serial numbers were incorrectly listed in that the bonds represented thereby had been replaced by "star" bonds. He appears to be attempting to show that according to the records certain bonds, although replaced by "star" bonds, were subsequently shown to be destroyed as valid securities. He states: "Such unpardonable confusion was shown in the manner these 'star' bonds were issued that the impression that it had been designedly done could not be escaped." If any confusion appears to exist it is due entirely to Mr. Brewer's unfamiliarity with the records, for by consulting the numerical register of "star" bonds he would have found entries showing the destruction of the identical "star" bonds about which he expresses doubt, and with very little additional effort he could likewise have verified the numerical registers against the Bureau's schedule of "star" bonds and removed any possible suspicion that may have existed in his mind that the transaction was other than regular.

82. Mr. Brewer criticises the method of inserting "star" bonds and refers to the insertion of "star" No. 7 for an earlier number (No. 3414030) than was replaced by "star" No. 1 (No. 3431345), and states, further, that several thousand "star" bonds were "mixed in helter skelter" with "make-up" bonds, and that no attention was paid to numerical sequence. He has failed to familiarize himself with the method followed in substituting "star" bonds for defective bonds. As an imperfection was discovered the defective bond was promptly replaced by a "star" numbered bond. It should be understood that hundreds of packages of bonds were examined concurrently by large groups of examiners, and since imperfect bonds as detected were promptly replaced by "star" bonds, it would have been impracticable to require that the serial numbers of such "star" bonds follow the sequence of the serial numbers of the perfect bonds, and to have done so would have served no useful purpose. Furthermore, imperfections were not always detected by the first group of examiners, and it is obvious, therefore, that an obscure imperfection, overlooked by the first examiner but detected by the second examiner, would necessarily mean replacement by a "star" bond numbered higher than the "star" bonds used in substitution by the first group of examiners. A method permitting the insertion of "star" numbers in unbroken numerical sequence would have involved countless difficulties.

83. "Star" bonds or notes were not used in the case of registered Liberty or Victory Loan securities nor in the case of bearer Victory notes, but with respect to these issues a limited stock of unnumbered securities was delivered to the Division of Loans and Currency by the Bureau for the purpose of replacement, the numbers being inserted by the Division of Loans and Currency as imperfections were detected.

REGISTERED BONDS.

84. In his criticism of the instructions issued by the Treasury to Federal reserve banks, Mr. Brewer refers to Federal Reserve Bank Memorandum No. 56, dated May 25, 1920, in which it is required that the serial numbers of registered bonds surrendered be listed to show the respective items surrendered, thus setting off particular registered bonds retired against particular registered bonds issued, whereas in the same memorandum no similar listing of coupon bonds is required. This is necessary, in the case of registered bonds, in order that the assignments appearing on the surrendered registered bonds may be checked with the names of the assignees appearing on the accompanying schedule, for title passes through the medium of assignments. Moreover, in the case of registered bonds, transfer of title must be recorded on the books of the Department, while coupon bonds are payable to bearer and title thereto passes by delivery without endorsement and without notice to the Treasury Department. Ownership of coupon bonds, therefore, is not recorded by the Treasury, nor are any assignments or transfers of such bonds necessary. Accordingly, where coupon securities are surrendered by Federal reserve banks for exchange into registered bonds there is no necessity for

listing them, item for item, against the respective items of registration, but the aggregate face amount of coupon bonds must agree with the aggregate amount of registered bonds requisitioned. The coupon bonds are separately listed, in numerical arrangement, for convenience of examination, audit, and recordation.

85. Mr. Brewer states that the "precaution" taken with respect to registered bonds is suspicious in view of the fact that "*in registered bonds there was not a single duplicate as far as any record could be found for me.*" The Treasury desires to call attention to the fact that the records of the Division of Loans and Currency show that imperfectly-printed registered bonds and Victory notes returned to the Bureau for replacement aggregated 35,772 pieces. Comparison of this figure with the number of defective coupon bonds returned to the Bureau (310,000), with allowance for the fact that only 12,000,000 pieces of registered bonds were printed, indicates that imperfections were found as frequently in registered bonds as in coupon bonds. Affidavits secured from two employees of the Division of Loans and Currency who were supervisors of examiners in the issue of registered bonds of the Liberty Loans state that improperly-numbered registered securities were discovered in the course of examination, and that in one instance the supervisor recollects 25 consecutive pieces bearing duplicated numbers. Mr. Brewer's statement, therefore, that he is unable to find a single instance of duplicated numbers in registered bonds must not be taken to mean that such imperfections did not occur.

86. Incidentally, Mr. Brewer, in paragraph 49 of his report of December 21, 1921, attempts to prove that certain registered bonds bore duplicated numbers. Investigation discloses, however, that this was not a duplication. He refers to two registered bonds for \$100 of the Fourth 4½'s both of which he claims were numbered 1039204. He states that one of these bonds was issued to Luther M. Slagle and subsequently reached the Department for retirement, and that another bond bearing the same number was issued to Kristian Sandvold and later reached the Department for retirement. An examination of the two bonds shows the bond in the name of Luther M. Slagle to be plainly numbered 1039294. This is not an instance of a "make-up" bond nor of erroneous entry, and the Treasury is at a loss to understand why anyone could have interpreted this number to be other than 1039294. In this connection it may be stated that the accounts in the Division of Loans and Currency show that Luther M. Slagle held bonds Nos. 1039292-5 and that these four bonds were all retired under the same transaction. The Sandvold bond was regularly numbered 1039204.

APPARENT DUPLICATIONS RESULTING FROM CLERICAL ERRORS.

87. Up to this point the explanation of duplicated serial numbers has been confined chiefly to errors pertaining to the bonds themselves. Another source of error—but relatively an insignificant one when reckoned on the basis of volume—is the inaccurate listing of retired securities and the inaccurate posting of such securities in the numerical registers. Such errors have the effect of indicating duplicate numbers where no duplication in numbers exists. As Mr. Brewer states, in the early days of the war-loan issues, the securities were transmitted to the Treasury without schedules and were subsequently scheduled by the Treasury Department, but since 1920 these lists have been prepared by the Federal reserve banks. Thousands of errors in listing the serial numbers of retired securities were detected by the Register in his verification of the schedules, and it is fair to presume that many such errors escaped detection. The numerical registers are posted from the schedules and, accordingly, if the serial number 1492 had been scheduled erroneously as 1942, and the error had not been corrected by the Register's examiners, a retirement was posted against 1942. Subsequently, when the bond, correctly numbered 1942, was retired, there would arise a conflict of postings which appeared to be traceable to duplicate-numbered securities, but which in fact originated through a clerical error. Just what percentage of apparent duplications of serial numbers may be traced to this class of error is not wholly determinable.

88. The posting of the numerical registers in the early days of the war loans was effected from the bonds themselves and no preliminary assortment of securities in numerical order was attempted. This meant that to post 1,000 retired securities in the exact arrangement in which they reached the Department involved entries in perhaps several hundred different volumes. The opportunity to transpose digits or to post the wrong loan or the wrong denomination was constantly present; and while the posting work was subsequently verified, some errors undoubtedly were not detected. Posting direct from the securities was slow and impracticable in handling the heavy volume of retirements, and accordingly the Department subsequently required that the securities first be arranged and listed in numerical order, and that such lists be utilized as the posting medium. Such lists were previously verified with the securities. It will be realized that if a bond were posted as retired under an erroneous serial number and subsequently destroyed, there would later arise an apparent duplication when the bond bearing the posted number actually reached the Department.

89. In other instances corrections of Federal reserve bank schedules were necessary, and no doubt it is on these corrected schedules that Mr. Brewer bases his conclusion that both the "star" bond and the replaced bond reached the Department. The schedules in these instances bore corrections that may have been misleading if all of the facts were not understood. As an example, the Federal reserve bank may have listed 25 bonds as being numbered —

~~1000001 to 1000025~~ 25 pieces.

The audit clerk in the Register's office would find that bond No. 1000017 was *not* surrendered but that "star" bond No. 6 appeared in its place. In order to correct the Federal reserve bank's error, she would change the above entry to read as follows:

1000001 to 1000025	25 pieces.
(Star) * 6	1
1000001 to 1000016	16
1000018 to 1000025	8
<hr/>	
	25 pieces.

The above entry, as corrected, does not show the surrender of bond No. 1000017 as well as "star" bond No. 6. The records are perfectly clear. Changes of this nature were authorized by the Register and fully understood by those subsequently handling the schedules.

ERASED AND ALTERED SERIAL NUMBERS.

90. In addition to the sources, previously mentioned, to which duplicate-numbered securities may be traced, the Treasury's investigation shows in some instances that what appear to be duplicate numbers are in fact the result of deliberate alteration after the securities were issued and delivered. In order to prevent identification of stolen securities, thieves frequently resort to the practice of erasing the first or last digit of the serial number, or changing one or more of the intervening digits. Obviously, when any such erasure or alteration is made the bond then bears a fictitious number, duplicating that borne by another security. An example of this is found in the case of 64 Third Liberty Loan 4 $\frac{1}{4}$ per cent temporary coupon bonds for \$1,000 each. On September 19, 1919, an employee of Messrs. E. D. Levinson & Co., 52 Broadway, New York City, stole from the firm 141 temporary coupon bonds of the \$1,000 denomination of the Third Liberty Loan. The thief was apprehended and convicted on February 19, 1920. Sixty-four of the bonds stolen by the employee were recovered and became the property of the National Surety Company, which had covered Messrs. E. D. Levinson & Co. by its policy. The recovered bonds were found to have been mutilated by altering the original numbers appearing thereon. The National Surety Company later presented the bonds to the Federal Reserve Bank of New York for exchange for new bonds. The Federal Reserve Bank referred the matter to the Treas-

ury, which conducted an investigation. Under date of November 5, 1921, the Riggs National Bank of Washington delivered to the Treasury the mutilated bonds, the bank in this connection acting as agent of the National City Bank of New York, which latter bank acted at the request and for the account of the National Surety Company. Upon receipt of the bonds they were referred to the Director of the Bureau of Engraving and Printing, with the request that the bonds be examined with a view to determining the serial numbers appearing upon the bonds when the same were delivered by the Bureau. The Bureau made its report under date of December 7, 1921, and on December 10, 1921, a list of the presumably correct serial numbers was transmitted to the Register of the Treasury, with request for advice as to what the records of his office disclosed in regard to any of the bonds. This latter action was, of course, a precautionary measure. The Register of the Treasury examined his numerical records and reported the bonds as outstanding. Perfect bonds subsequently were issued in lieu of the 64 above mentioned.

91. As to the above, in his report Mr. Brewer refers to the fact that 65 \$1,000 bonds, with altered numerals, were in the hands of Mr. Rose, superintendent of the engraving division of the Bureau of Engraving and Printing, and that while their return to the Bureau for examination merely may have been connected with some theft, it might, on the other hand, have a bearing on the question of high-numbered securities. (Mr. Brewer refers to 65 bonds; there were, in fact, only 64.) Under date of December 15, 1921, the President of the United States was furnished all of the facts regarding the surrender of the 64 bonds for examination, and in the Treasury's letter the following additional information appears:

It is a common practice of inexperienced thieves to alter or attempt to alter the serial numbers of bonds, doubtless assuming that the matter of alteration will not be detected until after the bonds have been exchanged or sold. The case I have set forth above is doubtless one of this class, and when such cases are presented to the Department two matters only must be determined—the *bona fides* of the holder and the identification of the bond by serial number. These two facts having been affirmatively determined, new bonds are issued in lieu of the mutilated bonds, and such mutilated bonds are thereupon canceled.

92. Undoubtedly a few of the duplicated serial numbers which have been detected by the Office of the Register are the result of similar alterations by dishonest persons, and if the erasure has been so skillfully executed as to leave no trace of the original number, the Treasury's final determination of the number must be postponed until relatively few items remain open on the numerical registers. Duplicated serial numbers traceable to this source do not, however, represent a large percentage of the imperfectly-numbered securities detected by the Register, for the Department's investigation indicates that the duplications in the majority of instances may be traced to errors in the preparation of the bonds.

93. An examination of the files of paid interest coupons in the Office of the Register discloses 51 instances of erased digits. Usually it is the left-hand digit that is removed by the thief, although in the permanent bonds, which bear prefixed letters and ciphers—e. g., H-00215948—the thief cannot erase the left-hand digit without leaving a conspicuous gap between the letter and the number, and in these cases he usually converts the "0" into an "8" or a "9;" e. g., coupon No. C-01417423 was changed to No. C-91417423, and coupon No. H-00215948 was changed to No. H-08215948. It will be noted that alterations of this character not only result in duplicate-numbered securities but create in some instances fictitious numbers which are larger than those officially issued.

ESTABLISHING THE IDENTITY OF DUPLICATE-NUMBERED SECURITIES.

94. The foregoing covers the principal sources of duplication in serial numbers. It is interesting to note the results obtained in establishing the identity of the several thousand duplicate-numbered securities which have actually reached the Office of the Register for retirement. On July 26, 1922, I appointed a committee for the purpose of investigating the entire situation with respect to duplicate-numbered securities. The committee first prepared, and

used as a basis for its work, a complete list of the duplicate-numbered securities which had been detected by the Register's force in the examination and recordation of retired securities. The committee was instructed to investigate each duplication in serial number, and to accomplish this they utilized the numerical registers, upon which the retirement of each security is posted. The great majority of the duplicated numbers pertained to the temporary bonds, which in 1919 and 1920 became exchangeable for permanent bonds with all coupons to maturity attached, and since such exchanges were practically completed the numerical registers of temporary bonds contained relatively few numbers against which retirement had not been recorded. It was a simple matter, therefore, to determine whether there were "open" numbers (against which no bonds had been retired) and to see whether any of these open numbers could be allocated as an "off-set" against the duplicates. The allocation of an "off-set" number was not made at random, but was based on similarity in digits. For example, if two bonds were duplicately numbered 208715 and there was an open number under 209715, it was assumed that, since the accounting controls and audits (hereinafter referred to) conclusively established that no overissue could possibly have occurred, the duplication in serial numbers was caused either by errors in scheduling or posting, or by errors in numbering the security. No retirement having been recorded against No. 209715, one of the duplicate-numbered bonds was tentatively allocated that number. (It will be noted that a complete record of duplicate-numbered securities has been kept in the Register's office, although Mr. Brewer insinuates that since the "suspense account" formerly maintained by Miss Rose Baker indicated no entries since 1919 it was doubtful whether receipts of duplicate-numbered securities since 1919 had been recorded by the Register.)

95. The accuracy of this allocation was subsequently confirmed by the interest coupon records. Obviously, in the example given above, if interest coupons had been presented from bond No. 209715, a bond bearing that number was actually in existence and still outstanding, thus proving the committee's allocation to be incorrect. On the other hand, if the examination of the coupon files disclosed that no coupons had ever been presented from a bond numbered 209715, there was further indication that one of the duplicates numbered 208715 should have borne the number 209715. The allocation is likewise confirmed in cases where the bond head is *incorrectly* numbered and the interest coupons are *correctly* numbered. No bond appears, of course, for the allocated number (since the bond head was given a duplicate number), but interest coupons have been presented from the number which was allocated. And it is here that the coupon files furnished still further means of establishing the identity of duplicate-numbered securities, for it was found that in such cases there had been presented only *one* set of coupons bearing the duplicated number, and *one* set of coupons bearing the allocated number.

96. A copy of the committee's report of March 1, 1924, is attached hereto (Exhibit A), and the facts reported are most convincing. The report indicates that up to and including February 29, 1924, the Register of the Treasury had detected 2,017 instances of duplicate-numbered bonds, notes, and certificates of indebtedness. These represent duplicated serial numbers discovered during a period of nearly seven years, in which period the Register received over a *billion pieces* of securities, including 146,994,973 coupon bonds and notes and 599,453,503 interest coupons. Since the instances of duplicated numbers to which Mr. Brewer calls attention relate almost wholly to the temporary bonds, it is important to note that of a total of 85,634,787 pieces aggregating \$19,441,054,300 of temporary bonds issued to the public, only 443,634 pieces aggregating \$33,945,250 were outstanding on January 31, 1924. Moreover, the numerical registers indicate open items against which these outstanding temporary bonds will be posted upon retirement. It is difficult to understand, in the face of these facts how Mr. Brewer could have reached the conclusion that there have been fraudulent overissues of these securities.

97. It will be noted that out of 2,017 cases of duplication the committee has been able in 1,668 instances to establish "off-set" numbers. In the remaining 349 cases definite allocations of "off-set" numbers have not been established, due, first, to the fact that some of the bonds are permanent bonds and since comparatively few permanent bonds have been retired the open items on the numerical registers are too numerous to permit of an accurate allocation, and second, in the case of temporary bonds, to the fact that the dissimilarity between the open items on the numerical registers and the duplicated numbers is so great that an accurate allocation could not be made. With reference to such dissimilarity, attention is called to the fact that while errors in preparing "make-ups" usually affected only one digit, thus facilitating the allocation, the Division of Loans and Currency during the war-loan issues received from the Bureau defectively-numbered securities with discrepancies affecting even the principal or master digits, as for example, bonds bearing seven digits substituted for bonds bearing five digits. In such cases it would require an exhaustive search through hundreds of volumes of the numerical register before the true "off-set" could be determined. The following abstract from the records of the Division of Loans and Currency, showing rejection of securities delivered by the Bureau on account of duplicate serial numbers, will illustrate the range of irregularities and the impossibility, in some instances, of basing an allocation on similarity of numbers:

Loan.	Denomi-nation.	Duplicate numbered se-curities returned to Bureau for replace-ment by correctly num-bered securities.		Date.
		Duplicate No.	Correct No.	
<i>Bonds and notes.</i>				
First 4's, temporary-----	\$50	2, 467, 218	2, 367, 218	Feb. 1, 1918
First 4 $\frac{1}{4}$'s, temporary-----	50	149, 739	149, 539	June 21, 1918
Second 4's, temporary-----	100	596, 159	596, 959	June 29, 1918
Second 4 $\frac{1}{4}$'s, temporary-----	50	5, 102, 610	5, 102, 601	Jan. 2, 1918
Third 4 $\frac{1}{4}$'s, temporary-----	1, 000	1, 275, 736	1, 276, 736	Dec. 5, 1917
Fourth 4 $\frac{1}{4}$'s, temporary-----	100	429, 615	429, 614	June 29, 1918
Victory 4 $\frac{3}{4}$'s-----	100	793, 396	794, 396	July 9, 1918
Victory 3 $\frac{3}{4}$'s-----	100	728, 036	728, 036	July 9, 1918
Victory 4 $\frac{3}{4}$'s-----	100	2, 100, 000	2, 200, 000	May 2, 1918
Victory 4 $\frac{3}{4}$'s-----	100	2, 808, 169	2, 813, 169	May 7, 1918
Victory 4 $\frac{3}{4}$'s-----	1, 000	734, 980	734, 930	May 4, 1918
Victory 4 $\frac{3}{4}$'s-----	50	38, 166	3, 816, 642	Oct. 23, 1919
Victory 4 $\frac{3}{4}$'s-----	50	38, 177	3, 817, 750	Oct. 23, 1919
Victory 4 $\frac{3}{4}$'s-----	100	1, 114, 577	1, 114, 677	July 16, 1919
Victory 4 $\frac{3}{4}$'s-----	10, 000	101, 101-2	101, 001-2	July 22, 1922
Victory 4 $\frac{3}{4}$'s-----	50	4, 560, 062	4, 560, 462	Oct. 14, 1918
Victory 4 $\frac{3}{4}$'s-----	100	8, 129, 461	8, 128, 461	Nov. 29, 1918
Victory 4 $\frac{3}{4}$'s-----	1, 000	33, 868	33, 968	Sept. 28, 1918
Victory 4 $\frac{3}{4}$'s-----	1, 000	226, 686	266, 686	May 19, 1919
Victory 4 $\frac{3}{4}$'s-----	5, 000	77, 729	78, 029	Oct. 14, 1919
Victory 4 $\frac{3}{4}$'s-----	100	7, 036, 414	7, 036, 619	Apr. 29, 1919
Victory 4 $\frac{3}{4}$'s-----	1, 000	842, 482	842, 882	Aug. 4, 1919

INSTANCES OF DUPLICATED NUMBERS.

Mr. Brewer's report of January 15, 1924, and accompanying exhibits refer to specific instances of duplicated numbers.

98. Mr. Brewer refers to temporary bond No. 2523008 for \$1,000 of the Fourth 4 $\frac{1}{4}$'s: One of the two duplicate-numbered bonds, 2523008, is a "make-up," issued in replacement of the original bond of like number. Replacement was necessary for the reason that the last digit (8) of the original bond was imperfectly printed. Investigation by the Treasury disclosed

that the imperfectly numbered bond, *bearing neither the impression seal of the Treasury nor the initials of a recorder*, was stolen from the vault of the binding division of the Bureau of Engraving and Printing, where it had been deposited awaiting delivery for destruction. Subsequently it was accepted for exchange by a bank and reached the Register of the Treasury in regular course for credit and retirement. The defects, above mentioned, clearly showed that the paper was not a valid obligation of the United States, but such defects were not detected either by the bank or the Register's office. Investigation by the Secret Service of the loss or theft of this bond directed suspicion against a former employee of the binding division, but sufficient direct evidence could not be obtained to prosecute him for the theft.

99. Mr. Brewer refers to two bonds, temporary bond No. 91405 for \$1,000 of the First 4½'s and temporary bond No. 6442597 for \$100, of the Fourth 4½'s. This duplication of numbers may be traced to "make-ups," and the records of the Treasury show that with respect to bonds of the same loans, denominations and class numbered 91105 and 6442579, respectively, neither the bonds nor any interest coupons therefrom have ever reached the Department.

100. Mr. Brewer refers to the following duplicate-numbered bonds receipt of which, he claims, may be testified to by Mr. McCarter:

Permanent bonds Nos. 5691002-7, \$50, Third 4½'s.
 Temporary bond No. 9387990, \$100, Fourth 4½'s.
 Temporary bond No. 2043867, \$1,000, Fourth 4½'s.
 Temporary bond No. 2301863, \$100, Second 4's.
 Temporary bond No. 13921584, \$50, Fourth 4½'s.

As to the six permanent coupon bonds of the Third Liberty Loan, Nos. 5691002-7, the facts are as follows: Bonds delivered by the Bureau were verified as to number of packages and were received for by the Division of Loans and Currency subject to count. They were then delivered (without count) to the Office of the Register, where they were *immediately* counted. Upon counting the bonds in a package alleged to contain 1,000 bonds, numbered 5691001 to 5692000, the Register's counter discovered that the package actually contained 1006 bonds, the excess bonds being duplicates of Nos. 5691002, 5691003, 5691004, 5691005 5691006, and 5691007. It appeared that the original six bonds had been spoiled or mutilated at the Bureau and that "make-up" bonds had been prepared in replacement thereof. The insert clerk at the Bureau failed to withdraw the six imperfect securities, with the result that both the imperfect bonds and the "make-up" bonds reached the Register's office. The counter, upon discovering the overage, reported such fact to her supervisor. It should be noted that the overage would also have been disclosed in the Bureau when the insert clerk checked her "make-up" stock at the end of the day. The matter was reported to Mr. J. F. Macoughtry, in charge of the securities section of the Division of Loans and Currency, who recommended that the six bonds be delivered to him *uncanceled*, in order that he might call the matter to the attention of the Bureau. (Since the Division of Loans and Currency received all securities from the Bureau, that Division handled all adjustments with the Bureau.) Mr. Macoughtry at the time was unaware that an order had recently been issued directing the immediate cancellation of all imperfect securities not intended for issue. There was nothing irregular in his insistence that the securities be uncanceled, Mr. Macoughtry merely having no information as to the change in procedure. (Prior to that time it had been the practice to take the bonds, *uncanceled*, to the Director of the Bureau, in order that he might make such investigation as he desired, but in such cases the securities did not leave the possession of the representative of Loans and Currency, and if replacement was necessary the securities were *canceled* before return to the Bureau.) After the change in procedure had been explained, Mr. Macoughtry withdrew his objection, and the bonds were canceled and delivered to the

Division of Loans and Currency. Subsequently they were delivered by the Division of Loans and Currency to the Secret Service operative who submitted them to the Director of the Bureau of Engraving and Printing, with the recommendation that the insert clerk, responsible for the overage, be disciplined. The bonds in this case were detected in the *first examination* after they left the Bureau, which shows that the system of verification was effective, and that discrepancies in the number of pieces would eventually be detected in one of the several checks to which the bonds were subjected.

As to temporary bond No. 9387990, this duplication of numbers may be traced to a "make-up," and the records of the Treasury show with respect to bond No. 9387890 of the same loan, denomination, and class, that neither the bond nor any interest coupons therefrom have ever reached the Department.

As to temporary bond No. 2043867, this duplication of numbers may be traced to a "make-up," and the records of the Treasury show with respect to bond No. 2043967 of the same loan, denomination, and class, that neither the bond nor any interest coupons therefrom have ever reached the Department.

As to temporary bond No. 2301863, this duplication of numbers may be traced to a "make-up," and the records of the Treasury show with respect to bond No. 2301763 of the same loan, denomination, and class, that neither the bond nor any interest coupons therefrom have ever reached the Department.

As to temporary bond No. 13921584, this duplication of numbers may be traced to a "make-up," and the records of the Treasury show with respect to bond No. 13921585 of the same loan, denomination, and class, that neither the bond nor any interest coupons therefrom have ever reached the Department.

101. Mr. Brewer refers to temporary bond No. 3181009, \$50 of the Third 4½'s. This bond was missing from a package purporting to contain 1,000 bonds delivered by the Bureau to the Division of Loans and Currency. The shortage was reported to the Bureau and meanwhile the remaining 999 bonds were forwarded to the Federal Reserve Bank of New York with advice that bond No. 3181009 would be transmitted at a later date. The Bureau subsequently delivered bond No. 3181009 and it was forwarded to the Federal Reserve Bank as a single item. Since the Federal Reserve Bank had already made deliveries of bonds bearing higher numbers, it was deemed desirable, upon receipt of bond No. 3181009 by the Federal Reserve Bank, merely to cancel such bond and return it for credit. This accounts for the return of the bond as an independent lot of \$50. Another bond of the same loan and denomination bearing No. 3181009 subsequently reached the Department in regular course from the Federal Reserve Bank of Kansas City. Apparently, this latter bond No. 3181009 had been inserted in another package, in lieu of a defective security, and the error had not been detected. In paragraph 97 are given certain examples of the substitution of bonds bearing numbers dissimilar to those for which substituted, and it is presumed that the examiner failed to note the erroneous substitution. Mr. Brewer is correct in his statement that both bonds subsequently reached the Department and were retired. However, since deliveries to Federal reserve banks were carefully verified as to *number of pieces* and were in like manner checked by the Federal reserve banks upon receipt, and since the accounting controls show no overissue, there is no reason to believe that the original bond represented an overissue; but, on the other hand, it is safe to assume that some other bond (presumably No. 3,157,009), was never in fact delivered. Bond No. 3,157,009 has never been presented to the Department, nor have any coupons therefrom been paid.

102. An interesting instance of duplicated numbers and the corresponding "off-sets" is shown in \$1,000 temporary bonds of the Fourth Liberty Loan, Nos. 2338111 to 2338238. The Treasury has established that one set of securities bearing the above numbers represents "make-ups,"

and the numerical registers disclose a corresponding series of "open" numbers running from 2238111 to 2238238, of the same loan, denomination, and class. The records of the Treasury show with respect to bonds Nos. 2238111 to 2238238 that neither the bonds nor any interest coupons therefrom have ever reached the Department.

103. A further instance of duplication in a series is to be found in numbers 878968 to 878977 of \$1,000 bonds of the Second 4's. Corresponding "off-set" numbers against which neither bonds nor interest coupons therefrom have ever been presented to the Department were found under numbers 876968 to 876977.

104. In Exhibits 10 and 11, accompanying his report of January 15, 1924, Mr. Brewer submits affidavits regarding certain interest coupons payable May 15, 1918, from Second Liberty Loan 4 per cent bonds, such coupons having been delivered to the Destruction Division on August 13, 1921. Mr. Brewer claims that these affidavits show the Treasury to have been on notice that the coupons were duplicates and that notwithstanding such notice destruction was authorized. At the time these coupons were delivered for destruction, no orders had been received suspending destruction of securities bearing duplicated serial numbers and there was no reason why any question should have arisen regarding the destruction of these particular securities. The records of the Register show that of the coupons from \$500 bonds, in the run from 200,301 to 201,000, there were 660 coupons bearing duplicate serial numbers with 40 numbers, not duplicated, scattered throughout the series. The records of the Register further show that *in the run from 209,301 to 210,000 only 40 coupons were received, that the last three digits of the coupons received are identical with the last three digits of the 40 numbers not duplicated, and that the last three digits of the 660 open items are identical with the last three digits of the 660 duplicate-numbered coupons in the run 200,301 to 201,000.* The Register's records also show that the same situation existed with respect to the coupons from bonds of the \$50 denomination, in the run from 3,100,301 to 3,101,000. There have been received in this run 684 duplicate-numbered coupons, and there are 16 numbers for which no duplicates have been received, *but in the run from 3,109,301 to 3,110,000 only 16 coupons have been received, the last three digits of which correspond with the 16 open numbers in the other run, and the last three digits of the 684 open items are identical with the last three digits of the 684 duplicate-numbered coupons in the run 3,100,301 to 3,101,000.* In other words, in the first instance, while 660 duplicate-numbered coupons appeared in the run from 200,301 to 201,000, 660 coupons *were never presented* in the run from 209,301 to 210,000; and, in the second instance, while 684 duplicate-numbered coupons appeared in the run from 3,100,301 to 3,101,000, 684 coupons *were never presented* in the run from 3,109,301 to 3,110,000. The facts are clear, and the "off-set" of one group of numbers against the other, in each case, fully establishes the fact that an error occurred in printing the coupons.

105. In his report of January 15, 1924, Mr. Brewer states that "Unissued stock is never supposed to have left the Treasury at Washington." This is not a true statement, for "unissued stock" represents not only the surplus stock which has never left the Treasury but also the surplus stock returned by the Federal reserve banks. On original issues, for example, the Federal reserve banks could not accurately estimate their needs, and occasionally their estimates were too high. The Department's printed form of "Advice of Shipment" (Form P. D. 1) contains specific provision for the return of this class of securities to the Department. The "unissued stock," therefore, might include securities returned by any one of the twelve Federal reserve banks.

106. In this connection Mr. Brewer calls attention to the receipt of duplicate-numbered bonds, one of which in each instance was listed as destroyed from unissued stock. He implies that certain securities reached the Department from Federal reserve banks in regular course, notwithstanding the fact that securities bearing the same numbers were recorded as having been destroyed as "unissued stock." The Treasury's investigation discloses the following:

\$10,000 temporary coupon bond of the Second 4's, No. 16629:

Mr. Brewer claims that one bond of this number was received from the Federal Reserve Bank of New York and that another bond bearing the same number was destroyed from unissued stock. The records of the Register of the Treasury show that while there were two bonds bearing the number 16629, no bond or interest coupons have ever been presented bearing the number 6629, thus indicating that one of the duplicate-numbered bonds should have borne the latter number.

\$10,000 notes of the Victory 3½'s, Nos. 85543 and 85544:

Mr. Brewer claims that two notes bearing the above numbers were received from the Federal Reserve Bank of Philadelphia and that two other notes bearing corresponding numbers were received by the Register as unissued stock. Investigation by the Treasury indicates that the serial numbers were *not* duplicated. The apparent duplication of numbers was due to an error by the Federal Reserve Bank of Philadelphia in listing two \$10,000 notes transmitted to the Department on January 2, 1920, and subsequently destroyed. The two notes in question undoubtedly were numbered 82543 and 82544, but were listed as 85543 and 85544. In a letter dated December 5, 1923, the Federal Reserve Bank of Philadelphia *advised Mr. Brewer* as follows:

Referring to your recent visit to our office, requesting the name of the party who surrendered 3½% coupon Victory notes Nos. 85543 and 4 at \$10,000, we beg to advise that while our schedule of canceled notes dated January 2, 1920, amounting to \$398,000, our Lot No. 7, included the above notes, the records of this bank show that on December 16, 1919, the Corn Exchange National Bank of Philadelphia surrendered 3½ per cent coupon notes Nos. 82543 and 4 at \$10,000 for conversion into 4½% notes.

It is quite probable that a typographical error was made in our office in preparing the schedules of the canceled bonds. None of our records reveal the handling of the notes bearing serial Nos. 85543 and 4, immediately prior to the date of the shipment in question.

* * * * *

The Federal Reserve Bank admits having received notes Nos. 82543 and 82544 only two weeks before the notes in question were transmitted to the Register, and has no record of ever receiving notes Nos. 85543 and 85544. The foregoing is further confirmed by the records of the Register's office, which show that no Victory 3½ per cent notes of the \$10,000 denomination have ever been presented bearing the numbers 82543 or 82544, and that with respect to each of these numbers only *one* interest coupon (that payable December 15, 1919) has ever been paid. As to the latter, it should be noted that each of the two notes listed by the Federal Reserve Bank as Nos. 85543 and 85544 had *one coupon* (payable December 15, 1919) *detached*. Notes Nos. 85543 and 85544 were a part of a group of notes which were *never issued by the Treasury* but were held as unissued reserve stock. They were canceled and delivered by the Division of Loans and Currency to the Register's office for retirement as unissued stock. In view of the Federal Reserve Bank's letter and the information available in the Register's office, the Treasury is at a loss to understand why there should have continued to be any question as to the numbers actually borne by these two notes.

\$1,000 temporary coupon bond of the Second 4's, No. 1786707:

Mr. Brewer claims that one bond of this number was received from the Federal Reserve Bank of New York and that another bond bearing the same number was destroyed from unissued stock. The records of the Register of the Treasury show that while there were two bonds bearing the number 1786707, no bond or interest coupons have ever been presented bearing the number 1686707, thus indicating that one of the duplicate-numbered bonds should have borne the latter number.

\$100 temporary coupon bonds of the Third 4½'s, Nos. 5567504, 5567533 and 5567655:

Mr. Brewer claims that three bonds bearing the above numbers were received from the Federal Reserve Bank of Chicago and that three other bonds bearing corresponding numbers were destroyed from unissued stock. The records of the Register of the Treasury show that while there were two bonds bearing the number 5567504, two bonds bearing the number 5567533, and two bonds bearing the number 5567655, no bonds or interest coupons have ever been presented bearing the numbers 5567504, 5567533, or 5567655, thus indicating that one of the duplicate-numbered bonds in each instance should have borne the latter numbers, respectively.

\$100 temporary coupon bonds of the Second 4's, Nos. 4247639 and 4383055:

Mr. Brewer claims that two bonds bearing the above numbers were received from the Federal Reserve Bank of Chicago and that two other bonds bearing corresponding numbers were destroyed from unissued stock. The records of the Register of the Treasury show that while there were two bonds each bearing the number 4247639 and two bonds bearing the number 4383055, no bonds or interest coupons have ever been presented bearing the numbers 4247639 or 4383055, thus indicating that one of the duplicate-numbered bonds in each instance should have borne the latter numbers, respectively.

\$50 temporary coupon bond of the Second 4½'s, No. 2640110:

Mr. Brewer claims that one bond of this number was received from the Federal Reserve Bank of Chicago and that another bond bearing the same number was recorded as unissued stock. The records of the Register of the Treasury show that while there were two bonds bearing the number 2640110, no bond or interest coupons have ever been presented bearing the number 2640101, thus indicating that one of the duplicate-numbered bonds should have borne the latter number.

The alarming situation alleged by Mr. Brewer to be shown by the receipt of the above-described securities is found by the Treasury to be nothing more than errors in the preparation of "make-up" securities in the Bureau of Engraving and Printing, or errors in listing, and for each duplicate-numbered security there is an "off-set" number against which no retirement has ever been recorded.

107. Mr. Brewer refers to the "breaks" in the serial numbers of "unissued stock" delivered for destruction. He cites as an example that in a given lot, with respect to bonds of the \$10,000 denomination, the lowest number was 19415, while the highest number was 84000, yet only 33,148 bonds were destroyed. He implies that it is suspicious that of the 64,586 numbers there should have been 31,438 bonds which were not destroyed, and intimates that this confusion in numbers was intentional in order to make checking more difficult. As to the 64,586 intervening bonds in a series, there is no reason why all of these bonds, beginning with No. 19415 and running to No. 84000, should have been returned as unissued stock. If the Federal Reserve Bank of New York, for example, had returned bonds Nos. 19415 to 31000, and the Federal Reserve Bank of Philadelphia had returned bonds Nos. 62439 to 84000, it would have been impossible, as well as absurd, to forbid the issuer, by the Federal Reserve Bank of San Francisco of bonds Nos. 31001 to 62438. To meet Mr. Brewer's objection, however, an arrangement fully as impracticable would have been necessary, merely to preserve the numerical sequence of the unissued stock.

108. Mr. Brewer states on page 8 of his report of December 21, 1921, that testimony can be furnished that the duplicate numbers issued came in from "different cities, thus negativing the idea of an error through a slip in the numbering machine, and strengthening the idea of design." Mr. Brewer's conclusion is false and could have been reached only through a misapprehension of facts quite obvious to anyone familiar with bond transactions. It is inconceivable that anyone should believe that where a package of bonds in which duplicate numbers appeared was delivered to one city, all of the bonds in the package must subsequently reach the Treasury from that city. It should be realized that bonds of the Liberty Loans were

subscribed for throughout the entire United States; that title to coupon bonds passes by delivery without indorsement; and that many subscribers sold their bonds to banks and bond dealers, and in the majority of instances bonds thus sold eventually reached the large financial centers. In view of the above as well as many other considerations too numerous to mention, it can be readily seen that it was not to be expected that all bonds originally shipped in one package would be returned from the same city. Furthermore, it will be noted in paragraph 69 hereof that the greater part of the erroneous numbering has been shown to have occurred in "make-up" bonds, that the imperfect number was not necessarily always a duplicate of a serial number *contained in the same package* of bonds, but, being higher or lower than the number which the bond should have borne, might more likely have been a duplication of a number appearing in *another package*; and, most certainly, all packages of bonds were not delivered to the same city.

109. He further states that he found evidence that four broken packages of bonds were maintained at the same time, issues from each being made simultaneously. He has overlooked the fact that this unissued stock was not confined to the bonds from the Treasury vault but came in from the twelve Federal reserve banks. It was not unusual that four or more packages should have been in use at four separate points; or, in the case of a large Federal reserve bank such as New York, where several tellers were engaged in the bond deliveries, that there should have been maintained as many broken packages as there were tellers, so that when deliveries had been completed there remained in each teller's possession the undelivered portion of the original package. These fractional packages subsequently reached the Department as unissued stock.

IMPERFECT SECURITIES DELIVERED BY THE BUREAU OF ENGRAVING AND PRINTING SINCE JUNE 19, 1922.

110. Imperfections in printing were not confined to the war-loan issues, but continue to be detected in the current work of the Bureau. With the return to normal conditions the work has been performed under more desirable conditions and by better trained employees; and while the volume of imperfections is not so large as in 1918 and 1919, there is no indication that the current work is free of imperfections. It may frankly be stated that the Treasury is not hopeful of ever completely eliminating imperfections arising during the numerous printing operations, and it must rely upon the efficiency and alertness of the examiners to reduce to a minimum number, if not wholly to prevent, deliveries of imperfect securities to the public. The Treasury has compiled a list of defective securities delivered by the Bureau of Engraving and Printing to the Division of Loans and Currency from *June 19, 1922, to March 1, 1924*. (This period, it will be noted, is subsequent to the removal of the twenty-eight employees of the Bureau of Engraving and Printing on March 31, 1922.) This list covers 60 pages, and is therefore too lengthy to be included as a part of this report. Some of the listed imperfections were due to mutilation by the seal and other minor defacements which occurred in the Division of Loans and Currency, but the larger proportion may be traced to errors occurring in the Bureau of Engraving and Printing, it being important in this connection to observe that duplications of serial numbers, which in 1918 and 1919, according to Mr. Brewer, were the result of a "conspiracy," continue to appear in the Bureau's current work. A few of the imperfections detected in the Bureau's work since June 19, 1922, are as follows:

Third 4½ per cent permanent coupon bonds, \$10,000 denomination:

Duplicate-numbered bonds received for 101101.

Bond No. 101101 missing from the package.

Duplicate-numbered bonds received for 101102.

Bond No. 101102 missing from the package.

The Bureau corrected these errors by delivering perfect bonds numbered 101101 and 101102.

Treasury savings certificates, \$25 denomination:

No serial number appeared on certificate No. Q-1092242.

The registration stub pertaining to this certificate was erroneously numbered 10922.
Treasury 4½ per cent coupon bonds of 1947-1952, \$5,000 denomination:

Serial number missing on interest coupon No. 52.

This omission appears on 16 bonds, and was due, no doubt, to the failure of the numbering machine engaged in numbering coupon No. 52. The machine was probably adjusted by the pressman after 16 bonds had been printed, but the imperfect bonds were not discovered by the Bureau's examiners.

Treasury 4½ per cent coupon bonds of 1947-1952, \$10,000 denomination:

Thirty-four bonds returned for the reason that coupons Nos. 54 to 60 were indistinctly printed.

Philippine Islands 4½ per cent gold loan of 1922-1952, \$1,000 denomination:

Seven bonds returned due to imperfections in serial number on interest coupon No. 34.

First Liberty Loan 3½ per cent coupon bonds, \$500 denomination:

Five bonds bore errors in printing of interest coupons Nos. 1 to 10.

Victory 4¾ per cent notes, \$5,000 denomination:

Seven notes returned for correction of broken serial number on interest coupon No. 1.

4½ per cent Treasury notes, series C-1925, \$5,000 denomination:

Serial number missing from note No. 5932.

Two notes received bearing serial No. 9499; No. 9699 missing from the package.

One of the duplicate-numbered notes was returned to the Bureau for replacement by note No. 9699.

4 per cent certificates of indebtedness, series TD-1923, \$1,000 denomination:

Serial numbers of coupons were out of alignment on certificate No. 8543. (Mr. Brewer's report implies that misalignment of serial numbers is proof that securities bearing such numbers are "spurious.")

Treasury savings certificates, \$100 denomination:

On certificate No. C-5504007, two serial numbers appear. The correct serial number C-5504007, was overprinted by the succeeding number, C-5504008.

Victory 4¾ per cent coupon note, \$1,000 denomination:

Note No. 103069 bore a No. 2 interest coupon numbered "1030 9."

4½ per cent Treasury notes, series A-1927:

Two notes received bearing serial number 35514.

Note number 35514 was missing from the package.

First 4½ per cent permanent coupon bonds, \$50 denomination:

Ten bonds returned for correction of indistinct serial numbers.

Second 4½ per cent permanent coupon bonds, \$100 denomination:

Thirty-eight bonds returned for correction of indistinct or imperfectly printed serial numbers.

Bond No. E-00033020 returned for the reason that it was about three shades darker than the authorized color.

Certificates of indebtedness, series TS-2-1923, \$500 denomination:

Twenty-one certificates returned for correction of serial numbers which were blurred and off color. These certificates were "make-ups."

The occasional inability of the Bureau to furnish a perfect security even in replacement is shown by the return of certificate No. 7794. The original certificate numbered 7794 was mutilated by the sealing machine in the Division of Loans and Currency. This

certificate was returned to the Bureau for replacement and the "make-up" certificate was found to bear an indistinct serial number which necessitated a second return to the Bureau for replacement.

Second 4½ per cent permanent coupon bonds, \$50 denomination:

Eleven \$50 bonds were returned for correction of indistinct serial numbers on interest coupons.

Bond No. C-03808613 was returned on account of imperfect coloring of paper.

\$5,000 bond No. B-00094127 was returned for the reason that *no serial number* appeared on interest coupon No. 35.

4½ per cent certificates of indebtedness, series TM-1924, \$500 denomination:

Two certificates were returned on account of indistinct serial numbers.

4¾ per cent Treasury notes, series B-1927, \$1,000 denomination:

Sixteen notes returned because paper was off color; one note returned for correction in alignment of serial number on interest coupons.

First Liberty Loan 3½ per cent coupon bond \$1,000 denomination:

Bond No. 1325521 bore the *wrong serial number* in right-hand corner.

4¾ per cent Treasury notes, series B-1927:

Two exchanges were necessary with reference to \$500 note No. 82614. The original note bearing this number was off color; the "make-up" note furnished by the Bureau bore a blurred serial number on both the note and interest coupons. This "make-up" note had to be returned for second replacement.

Seven \$5,000 notes were returned on account of color, and five notes of the same denomination were returned for correction of indistinct serial number on interest coupons.

On note No. 33418, for \$5,000, the serial number was missing on interest coupons Nos. 1 and 2.

Treasury savings certificates, books containing 5 certificates of \$25 denomination:

Q655675 to Q655680 —contained \$100 certificate No. C655680 in lieu of \$25 certificate of that number.

Q657366 to Q657370 —contained \$100 certificate No. C657369 in lieu of \$25 certificate of that number.

The above books were shipped by the Bureau of Engraving and Printing in June 1922, to the postmaster, New York, N. Y., and subsequently returned to the Department. Investigation disclosed that the \$100 books were correct. The Director of the Bureau stated that *the errors were made in the "make-up."*

Treasury savings certificate, \$100 denomination:

No. C571242 shipped by the Bureau of Engraving and Printing in June, 1922, to the postmaster, Charleston, W. Va., in book said to contain certificates Nos. C571441 to C571445 and subsequently returned to the Department. The Director of the Bureau advised that "*this was an error of the numberer and inserter.*"

INTEREST CHECKS:

Checks of the 4½ per cent Third Liberty Loan:

Nos. 4948197, 4949197, 4950197, 4951197, 4952197.

The name "*A. W. MELLON*" was overprinted on the word "*Secretary.*"

Checks of the 4½ per cent Fourth Liberty Loan:

95 checks were shown to have the third digit missing from the serial number.

111. The above defects are not described with a view to reflecting discredit upon the current work of the Bureau of Engraving and Printing, but it is deemed important to emphasize the fact that current work occasionally is found to include imperfections similar to those occurring in the war-loan period. In the printing of thousands of securities there must occasionally be errors; and while these errors usually are detected by the Bureau of Engraving and Printing, there remain some imperfect securities which are not detected until they reach the examiners of the Division of Loans and Currency. Carrying this one step further, it will be appreciated that some imperfectly printed securities are not discovered in the Division of Loans and Currency, and find their way to subscribers. The Federal reserve banks occasionally detect errors in numbering. Only a few weeks ago, on February 28, 1924, the Federal Reserve Bank of Richmond returned a \$100 Treasury savings certificate and called attention to the fact that while the certificate and the original stub were numbered C-0270000 the duplicate stub attached thereto bore the number C-0280000. In the files of the Register of the Treasury appear the following letters:

Letter from the Federal Reserve Bank of Richmond dated February 10, 1919, calling attention to the fact that in examining \$1,000 bonds of the Fourth 4½'s, two bonds were discovered bearing the serial number 2043867. The Federal Reserve Bank stated that it had received no bond numbered 2043967 from the Treasury, and accordingly returned the two duplicate-numbered securities with the request that the error be corrected.

The Federal Reserve Bank of San Francisco delivered to the Oregon Short Line Railway, Salt Lake City, Utah, two \$100 bonds numbered 13921584 of the Fourth 4½'s. The subscriber returned the bonds to the Treasury under date of February 11, 1919, and stated that while the serial number on 13921584 had been duplicated, they *did not find a bond numbered 13921585.*

112. Mr. Brewer refers to the fact that in connection with the printing of the Liberty and Victory Loans over 16,000,000 sheets of spoiled or mutilated work were delivered by the Bureau of Engraving and Printing for destruction. This spoilage, as compared with the number of sheets of perfect securities delivered to the Division of Loans and Currency during the same period, represents a ratio of about 20 per cent. Elsewhere in this reply attention has been directed to the conditions obtaining in the Bureau of Engraving and Printing during the war period, when hundreds of inexperienced and untrained employees were engaged in the printing and examination of war loan securities. The high rate of spoilage incidental to the war-loan issues may be traced to these conditions, but in this connection it should be pointed out that in comparison with the spoilage in the Bureau since June 30, 1922, the war time spoilage was not as excessive as Mr. Brewer appears to believe. During the period *July 1, 1922, to February 29, 1924*, over 300,000,000 perfect sheets of money and securities were delivered by the Bureau of Engraving and Printing, and during the same period over 28,000,000 sheets of spoiled or mutilated paper were delivered by the Division of Paper Custody to the Destruction Committee.

ACCOUNTING CONTROLS AND OTHER SAFEGUARDS.

113. A careful scrutiny of Mr. Brewer's report and of the several exhibits fails to disclose a single reference to the Division of Public Debt Accounts and Audit. Although Mr. Brewer's investigation covered a period of nearly three years and brought him into contact with every part of the Public Debt Service as well as to several Federal reserve banks, he conspicuously avoids any reference whatsoever to the fact that there is an established control of public debt transactions, through the Division of Public Debt Accounts and Audit, a unit that is independent of both the Register of the Treasury and the Division of Loans and Cur-

rency. He neglects, further, to state that he personally visited the Division of Public Debt Accounts and Audit, an independent Division of the Public Debt Service located in the Auditors' Building, Fourteenth and B Streets, S. W., where a force of over 100 bookkeepers, auditors, accountants, and clerks is continuously engaged in auditing and posting reports of receipts, issues, and retirements submitted by the various branches of the Public Debt Service, including public debt operations in the twelve Federal reserve banks. Every operating section in the Public Debt Service handling securities renders daily or other periodic reports to the Division of Public Debt Accounts and Audit. These reports disclose the movement of securities from one section to another, deliveries by one section to another being reported by both the delivering and receiving sections. This system of internal check operates from the time of delivery of securities by the Bureau of Engraving and Printing to the Division of Loans and Currency (an adviee of such delivery being received direct from the Bureau), and continues to safeguard the movement of securities in every succeeding operation. The various Federal reserve banks likewise render periodic reports to the Division of Public Debt Accounts and Audit, and the accountability of the Federal reserve banks as fiscal agents, so far as public debt transactions are concerned, is established and verified by Federal reserve examiners in connection with the general examinations of the Federal reserve banks. Securities delivered by the Bureau to the Division of Loans and Currency, securities delivered by the Division of Loans and Currency to the Federal reserve banks, securities delivered by Federal reserve banks to the public, and securities received by the Register for retirement, and all other public debt operations, are subject to administrative control and audit by this independent Division which has no connection with either the Bureau, the Division of Loans and Currency, the Federal reserve banks, or the Register of the Treasury, and which has no hand in the actual operations, beyond the function of accounting control and audit, and as a result of whose control fraudulent duplications or fraudulent overissues of the public debt, if perpetrated, would be disclosed. Prior to 1920 this Division was known as the accounting section (Division of Loans and Currency), but performed practically the same functions. The Division of Public Debt Accounts and Audit maintains control accounts by loans, denominations, and transactions. These accounts are constructed from posting media received from the several branches of the Public Debt Service and fiscal agency departments of Federal reserve banks, which operate independently of each other, and establish their accountability with respect to securities which they receive and in addition reflect the transactions which they conduct. The transactions of such agencies handling securities are verified through the medium of periodic reports which are carefully analyzed, audited, and reconciled with these control accounts. In addition, physical audits are conducted wherever practicable in the operating subdivisions of the Public Debt Service with respect to securities for which they are accountable and with respect to subsidiary accounts which they maintain. Every possible safeguard has therefore been placed to insure accurate accounting and to render it impossible to effect any illegitimate transaction without discovery. The records of the Division of Public Debt Accounts and Audit disclose absolutely nothing which would justify the charge that there have been fraudulent duplications or overissues of the public debt.

114. To illustrate the activities of this audit division and incidentally to show the balance required to be maintained between the records of an operating division, such as the Office of the Register, and the records of the audit division, reference is made to a report (Exhibit B) submitted to the Commissioner of the Public Debt under date of February 18, 1924, by the Chief, Division of Public Debt Accounts and Audit. This report relates to the outstanding temporary bonds of the \$1,000 denomination. It indicates the number of pieces, by loans, outstanding as shown by the accounts of the audit division, and it then shows the result of an examination of the Register's numerical records by representatives of the audit division. The

result of this examination discloses practically complete agreement between the records maintained by the audit division and the numerical records maintained by the Register of the Treasury. The report shows a reconciliation of the open items appearing in the numerical registers of the Register of the Treasury with the outstanding bonds as indicated in the records of the audit division with the exception of one bond of the Second 4½'s, one bond of the Third 4½'s, and ten bonds of the Fourth 4½'s. The Department is now undertaking to clear up these few differences.

The significance of this reconciliation will be appreciated when it is considered that there were involved over 9,000,000 pieces of \$1,000 bonds. A similar examination of the smaller denominations is now being made.

115. Among other charges, Mr. Brewer accuses the Treasury of suppressing information concerning irregularities, referring particularly to orders alleged to have been issued to the Secret Service discontinuing the investigation of duplicated serial numbers. In answer to this charge the Treasury denies that the Secret Service has failed at any time to investigate, in every particular, any alleged irregularity which might affect, even remotely, the securities of the United States. While the charges made by Mr. McCarter and later reiterated by Mr. Brewer, with respect to alleged overissue of the public debt, were shown to be absolutely unfounded, the Secret Service did not cease its activities in this direction, but continued its vigil and exhaustively investigated every source that might possibly lead to evidence of irregularity. Attention is invited to a report submitted to the Secretary of the Treasury by the Chief of the Secret Service Division under date of March 14, 1924, (Exhibit C), regarding Mr. Brewer's charges with respect to alleged suppression of facts, and concerning thefts of securities from the files of the Register's office.

116. For several years the Secret Service has maintained at the Bureau of Engraving and Printing an operative whose sole duty it is to observe the operations of the Bureau and prevent a slackening of the safeguards which surround the handling of the Government's currency and securities. This operative constantly seeks to strengthen the protective measures in force, and his efforts in this direction are reflected by the comparatively insignificant losses which have occurred in the Bureau of Engraving and Printing during the past five years. Prior to 1919 the Secret Service did not assign an operative solely for Bureau duty, but there were frequent inspections by the Secret Service of the methods and conditions of work, and the Director of the Bureau promptly reported to the Secret Service any occurrence which bore resemblance to irregularity. In both the Division of Loans and Currency and the Office of the Register of the Treasury, the Secret Service likewise has maintained constant scrutiny, and during the issue of war-loan securities, and continuing uninterruptedly since that period, an operative has been assigned to observe and report on all public debt operations in Washington. In the Federal reserve cities the Secret Service has cooperated with the Federal reserve banks in preventing fraudulent dealings in Government securities and otherwise preventing or detecting irregularities. Although the Treasury has proved that the duplicate-numbered securities referred to by Mr. Brewer were not traceable to fraud, it denies that the Secret Service has ever discontinued its investigation of this and every other charge which might cast suspicion upon the integrity of the Government's securities.

INTEREST PAYMENTS REFLECT NO OVERISSUE OF SECURITIES.

117. As stated in my letter of February 13, 1924, if there had been the fraudulent over-issues that Mr. Brewer alleges, such overissues would have resulted in excessive payments of interest, and to the contrary the figures of interest accrued and unpaid indicate that the amount paid has continually been far below the actual accruals. As an example, the public debt statement of December 31, 1923, shows that on that date there were outstanding matured interest

coupons and interest checks to an aggregate amount of \$57,930,899.68. Therefore, instead of an overpayment of interest, such as would result from fraudulent duplication of securities, the Government has been called upon to pay a substantially smaller amount of interest than has actually accrued on the securities which are admittedly outstanding. Moreover, the public debt statements are made up on a cash basis, the amounts shown as issued being taken up only against cash actually received. The amount of securities actually issued, as shown by the records of the Division of Public Debt Accounts and Audit, agrees absolutely with the amount of cash received by the Treasury, as shown by the records of the Treasurer of the United States. Here, therefore, is additional proof that there has been no overissue. In the above connection reference is made to paragraph 49 hereof.

CONSPIRACY, AS CHARGED BY MR. MCCARTER AND MR. BREWER, WOULD BE IMPOSSIBLE.

118. When full consideration is given to the accusations of Mr. McCarter and Mr. Brewer that fraudulent duplications and overissues were the result of a far-reaching conspiracy, one can not escape the conclusion that any such conspiracy, however skillfully directed, would have called for the collusion of so many individuals as to result in the collapse of the plan and the prompt exposure of the conspirators. Such a conspiracy is inconceivable, but solely for the purpose of proving the absurdity of the charge, let it be imagined that a conspiracy had in fact existed.

119. Elsewhere in this reply will be found a complete description of the operations involved in the printing, delivery, and retirement of United States bonds. It would have been necessary that conspirators be placed (a) in the Division of Paper Custody, by which the distinctive paper is issued to the Bureau; (b) in the Bureau of Engraving and Printing; (c) in the Division of Loans and Currency; (d) in the Office of the Register of the Treasury; (e) among the members of the Destruction Committee; and, (f) in the Division of Public Debt Accounts and Audit. These are only the major points to be covered, and there would be other points at which conspirators would have to be placed. These latter include the twelve Federal reserve banks and the Office of the Treasurer of the United States.

120. In order that the fraudulent overissues might be printed on distinctive paper, the first step would involve the theft of distinctive paper either from the Government mill or from the Custodian's or the Bureau's reserve stock, or from mutilated sheets delivered for destruction. This would mean that conspirators must be placed either in the Government mill, in the vaults of the Bureau, in the Division of Paper Custody, or on the Destruction Committee, or perhaps at all four of these points.

121. In the earlier war-loan issues the seal of the Treasury was impressed upon securities by the Register of the Treasury. When the unscaled securities were delivered by the Bureau of Engraving and Printing to the Division of Loans and Currency they were promptly redelevered to the Register and counted prior to sealing. To pass illegitimate securities through to a conspirator located in the examining force would have meant the labeling of the irregular package and its dispatch to a particular clerk, and after the seal of the Treasury had been impressed, it would have been necessary to route the fraudulent securities to another conspirator who would falsify the count and examination. Each package was required to contain 1,000 pieces, and "shorts" and "overs," as described elsewhere herein, were brought by the Register's office to the attention of the Division of Loans and Currency and by that Division adjusted with the Bureau of Engraving and Printing. During the course of the examination it was required that the examiner affix her initials to each security. These initials evidence the fact that the security has been examined, and are one of several marks of identification which distinguish a valid security. The number of securities received, initialed, and handled by each examiner was recorded, and in addition the examiner's name was required to be written on the wrapper containing each 1,000 bonds examined.

122. Since it would be impossible to restrict the handling of the fraudulent securities to certain employees, we face the absurd situation of the entire examining force, both in the Register's office and the Division of Loans and Currency, comprised of several hundred persons, being parties to the conspiracy.

123. Assuming that the conspiracy had not been detected up to this point and that fraudulent bonds ultimately were completed, the conspirators could derive nothing from them until a sale had been effected. If sold they would immediately be scattered among thousands of innocent purchasers and in due course would reach the Register of the Treasury intermingled with thousands of legitimate bonds. The same elaborate scheme of routing the fraudulent securities to confederates in the Division of Numerical Records would be necessary as in the case of the examining force during the issue. The numerical registers, it should be remembered, sooner or later will disclose the facts, and to avoid detection and exposure it would have been necessary to bring into the conspiracy practically every employee of the Division of Numerical Records. Assuming, however, that the clerks who posted the numerical records had knowledge of the conspiracy and willfully manipulated their entries, it would have further been necessary to place confederates in the Division of Public Debt Accounts and Audit, since it is in the latter Division that constant scrutiny is given the issues as reported by the Division of Loans and Currency and the retirements as reported by the Office of the Register, as well as issues and retirements reflected in the reports of the Federal reserve banks. An enormous overissue, such as Mr. McCarter and Mr. Brewer charge, would be discernible in the amount of interest paid by the Treasurer of the United States. To alter the Treasurer's accounts and otherwise to hide the fact that the interest paid exceeded the interest accrued would have required a group of confederates in several divisions of the Treasurer's office.

124. While the foregoing situation is based wholly on an imaginary conspiracy, with omission of many of the minor accessories, sufficient illustration is provided to show the absurdity of the charge that fraudulent overissues may have occurred as the result of a conspiracy. It is significant, moreover, that Mr. Brewer is unable to mention the name of any one of the alleged conspirators, nor does he show the possible origin of the conspiracy. It is difficult to ascertain, after examining his report, whether it was the Bureau of Engraving and Printing, the Division of Loans and Currency, the Office of the Register of the Treasury, or the Destruction Committee that furnished the source of the alleged fraud. If a fraudulent overissue actually occurred, an investigation covering a period of nearly three years should have yielded information sufficient to establish the complete history of the irregularities, and to identify the persons responsible. That Mr. Brewer does not supply these facts may be regarded as evidence that such facts do not exist.

CONFERENCE OF DECEMBER 30, 1922, AT THE WHITE HOUSE.

125. On December 30, 1922, the President called a conference in his study at the White House for the purpose of affording Mr. Brewer an opportunity to make verbal report of some of the evidence he had collected in the course of his investigations. Attending that conference were the President, the Secretary of the Treasury, the Attorney General, the Undersecretary of the Treasury, Assistant Secretary Eliot Wadsworth, the Commissioner of the Public Debt, the Chief of the Secret Service Division, and Mr. Brewer.

126. The President briefly stated the object of the meeting and called upon Mr. Brewer for a statement. Mr. Brewer preliminarily stated that he had discovered what he believed to be positive evidence of fraudulently issued securities. He alleged that he had positive evidence that the numbers on certain bonds were not printed at the Bureau of Engraving and Printing, and that he had consulted with ink experts and others who had positively asserted that certain bonds were numbered with stencils. He produced enlarged photographs of portions of bonds showing the numbering, and called attention to certain small spots above the numbers which he alleged were put there for the purpose of indicating where and how the numbering should be placed. He then produced a package of \$1,000 bonds about an inch thick, all of which he

declared were numbered with stencils. Mr. Moran, Chief of the Secret Service Division, asked to examine the bonds, and after doing so stated just as positively that the numbers could not have been put on with stencil, calling attention to the fact that the figures were impressed into the paper, which could not have happened had they been stenciled. The President took the bonds, with the statement that as a printer he would examine them, and after carefully going over them turned with the statement "Brewer, you're wrong—these numbers were not put on with stencil." The only other evidence produced by Mr. Brewer at the conference was some canceled certificates of indebtedness, and with them a destruction sheet signed by members of the Treasury Destruction Committee, describing these certificates as destroyed. Mr. Broughton, Commissioner of the Public Debt, immediately explained that these certificates were withheld from destruction to be used as specimens in the Department, that this specifically appeared by notations on the destruction records, and that with respect to the earlier issues of certificates it was the usual practice to hold out securities in this way. The President remarked that it was because these things had been exhibited to him that he ordered that the destruction of bonds should cease.

It will be seen from the above that Mr. Brewer's charge that fraudulent duplications or overissues of the public debt are evidenced by "spurious" securities or by securities bearing duplicate numbers has not been borne out by the facts and that there have not been fraudulent duplications or overissues of the public debt. While it is admitted that securities bearing duplicate serial numbers have been issued, it has been shown that such duplicate numbers are due to errors in imprinting the serial numbers on the securities and to failure to detect such imperfections; it has been shown that such erroneously-numbered securities should have borne other serial numbers and that the validity of the securities has not been affected by the duplicated numbers; it has been shown that these errors continue to be detected in the current work of the Bureau of Engraving and Printing notwithstanding Mr. Brewer's attempt to show that such errors could not occur; it has been shown that errors in listing or posting, and alterations in the serial numbers of securities after issue to the public, create apparent duplications in serial numbers; and it has been shown that if such fraudulent duplications or overissues actually occurred, they would be reflected in the accounting controls and audits, and that no fraudulent duplications or overissues are so reflected in the accounting controls and audits.

HIGH NUMBERED BONDS.

In support of the charge that there have been fraudulent duplications or overissues of the public debt, Mr. Brewer further attempts to show that such fraudulent duplications or overissues are evidenced by securities numbered higher than the high numbers officially reported as issued.

127. Mr. Brewer refers to temporary bond No. 7979985, Second 4's, for \$50, mentioned by Mr. J. W. McCarter in the latter's charges. It is charged that the schedule of bonds issued shows the high number to be 7869000, while a bond has been detected bearing the number 7979985. The Secretary of the Treasury (Mr. Houston) in one of his letters of September 28, 1920, explained to Mr. McCarter that the bond numbered 7979985 was erroneously numbered and did not represent an overissue. While further explanation is deemed by the Treasury to be unnecessary, it may be desirable, in view of the reappearance of this charge, to explain that the records of the Division of Loans and Currency, with respect to temporary bonds of the Second 4's, \$50 denomination, show that bonds were printed bearing numbers 1 to 8000000; that the highest number issued was 7871175; and that bonds numbered 7871176 to 8000000 have been

delivered for destruction. Bond No. 7979985, undoubtedly a "make-up," has been determined to have been erroneously numbered in the replacement of bond No. 6979985. Here, it will be noted, is an error in the seventh digit, and the Treasury's allocation of 6979985 is confirmed by the fact that neither bond No. 6979985 nor any interest coupons therefrom have ever been presented to the Department. Mr. Brewer claims that bond No. 7979985 is numbered with type different from that used in numbering other bonds of the same issue. This indicates the bond to be a "make-up," numbered on a "paging" machine. (In this connection see paragraph 69 hereof.)

128. Mr. Brewer refers to bond No. 8380789 for \$100 of the Third 4½'s, and claims that since the high number reported as issued in this denomination is 7650000 the difference between the latter number and 8380789 (or 730,789 pieces) probably represents a fraudulent overissue. The records of the Division of Loans and Currency show that bonds were printed numbered 1 to 7650000; that the highest number issued was 7449218; and that bonds numbered 7449219 to 7650000 have been delivered for destruction. It is not understood why Mr. Brewer refers to a bond bearing the number 8380789. According to information furnished by the Register of the Treasury, no bond bearing such number has reached the Register's office. Mr. Brewer states that the bond in question is recorded on his Exhibit A DJ, but a copy of such Exhibit did not accompany his report. As for Mr. Brewer's claim that the gap between the legitimate numbers and the number mentioned by him implies the fraudulent overissue of 730,789 bonds, it is necessary only to state that not a single bond or coupon, bearing any one of the 730,789 numbers alleged by Mr. Brewer to represent a probable overissue, has ever reached the Register's office, and that there is not the slightest evidence that any \$100 Third 4½'s bearing such numbers were ever issued.

129. Mr. Brewer refers to interest coupons bearing serial numbers 1267338, 1267342, and 1267344, detached from 3½ per cent First Liberty Loan bonds of the \$500 denomination, which numbers, Mr. Brewer asserts, were higher than the numbers officially reported as issued. He states that these coupons are listed on Exhibit A DJ. The Register is unable to find any record of the three coupons in question, and in the absence of Exhibit A DJ, (which Mr. Brewer did not submit with his report) the Department is unable to identify the coupons or to make specific reply in this connection. Presumably the description furnished by Mr. Brewer is not correct. It may be stated, however, that with respect to the \$500 denomination in First 3½'s the Register *has not received interest coupons numbered higher than 283999, nor has he received a bond numbered higher than 284000.*

130. In connection with his charges that bonds were issued bearing serial numbers higher than the high numbers officially issued, Mr. Brewer alleges that the annual reports of the Register were "manipulated" to suppress the fact that any irregularity existed. In paragraphs 167 to 173 hereof, to which attention is invited, the Treasury has conclusively shown that with respect to the tables appearing in the Register's reports Mr. Brewer's statements are false.

It will be seen from the above that Mr. Brewer has not submitted any facts which justify his charge that fraudulent duplications or overissues are evidenced by securities numbered higher than the high numbers officially reported as issued. In the case of certain of the alleged duplications, the Register of the Treasury advises that the alleged duplicated securities have not reached his office; and Mr. Brewer's reports were not accompanied by Exhibit A DJ referred to by him in this connection. In the case of \$50 bond of the Second 4's No. 7979985, the investigation made by the Treasury indicates that the bond was erroneously numbered and that it should have borne the number "6979985." Furthermore, the accounting controls as to issues and retirements do not show any fraudulent overissues as to any of the loans involved.

ALLEGED IRREGULARITIES IN BUREAU OF ENGRAVING AND PRINTING.

In support of the charge that there have been fraudulent duplications or over-issues of the public debt, Mr. Brewer further attempts to show that irregularities in the operations of the Bureau of Engraving and Printing permitted fraudulent duplications to have been perpetrated without detection.

131. In paragraphs 156 to 162 hereof, reference is made to the examination of security paper accounts by committees representing the Treasury and the Department of Justice, respectively. Under date of August 21, 1922, Mr. Brewer addressed a communication to the President of the United States setting forth his comments on the report of the Department of Justice committee. Apparently the committee's report was disappointing to Mr. Brewer inasmuch as it reflected no such conditions as would support the charge that irregularities existed. Mr. Brewer implies in his report of August 21, 1922, that the report of the Department of Justice committee is misleading in that the conclusions "reflect an inadequate conception of what the body of the report contains." In other words, he refuses to accept as accurate the findings of the committee. The auditors' conclusions are supported in every respect by detailed statements and tables, the committee apparently having taken unlimited pains to obtain the facts.

Shortages.

132. Mr. Brewer refers to the net shortages in money paper amounting to $636\frac{3}{4}$ sheets, and to the net shortages in bond paper amounting to $113\frac{3}{4}$ sheets. He points out that the above net shortages were obtained by subtracting the total "overs" from the total "shorts," the total of all "shorts" reported for Liberty bonds being $17,922\frac{1}{2}$ sheets. It is important first to note Mr. Brewer's grossly erroneous statement that the net shortage of $636\frac{3}{4}$ sheets of money paper had a value of \$11,172. He states:

"Overs" and "Shorts."—The net shortages in paper money amounting to $636\frac{3}{4}$ sheets had a money value of (p. 38) \$11,172.

The auditors' report (p. 38) contains *no such statement*, and, moreover, shows exactly the reverse of what Mr. Brewer claims. Reference to the auditors' report discloses the fact that rather than a shortage in money value, the \$11,172 represents an *overage* of money value, while the $636\frac{3}{4}$ sheets represent *paper shortage*. The report of the auditors actually shows a shortage of 17,790 sheets and an overage of $17,153\frac{1}{4}$ sheets, making the net difference in sheet shortage of $636\frac{3}{4}$ sheets. The money value shows a shortage of \$206,797 and an overage of \$217,969, the difference in these figures representing a money value *overage* of \$11,172. There is no apparent excuse for Mr. Brewer's misstatement in this instance, for the auditors' report clearly shows the \$11,172 to be in the "over" column.

133. The net shortage in Liberty bonds amounts to $113\frac{3}{4}$ sheets. The intended face value thereof (\$690,750) is quoted in Mr. Brewer's report correctly from the auditors' statement. The auditors' statement indicates that the Bureau records check identically with the auditors' report. The auditors' report does not, however, state whether this shortage exists in printed paper or in blank stock. It is quite possible that a considerable amount of this shortage is represented by blank paper which, if printed, would total the amount indicated in the report, but if in any form other than completed bonds would represent the cost of the paper only. As to Mr. Brewer's statement that the shortages may have been many times the amount computed by the auditors, it may be stated that this conclusion by Mr. Brewer can not be sustained and represents an expression of opinion on his part rather than a statement of fact.

134. Mr. Brewer states that, according to information which he received, not a single loss occurred in the Bureau of Engraving and Printing during the period 1860 to 1912. This statement can not be sustained, for, so far as can be determined, the Bureau from its establishment has experienced losses of paper in one way or another. Sheets in the press rooms have become

mixed with tissues and destroyed as tissues. Losses of these sheets have been discovered and the printer responsible for the paper has been made to pay their money value. It should be noted that if the sheets were not finally discovered, the person held responsible for such loss was compelled to pay the money value represented by the sheets as if the same had been completed and issued as paper money, notwithstanding the fact that the paper at the time of its loss had only a nominal value. For example, a person charged with the loss of a sheet of paper which was intended to be used in printing four bills of \$10 denomination would be compelled to pay to the Government the sum of \$40, whereas the missing sheet cost the Government not more than a fraction of a cent.

135. Where paper representing money or securities, during any stage of the printing, is missing, the employee responsible is required to execute a "pay check" covering the face value of the missing sheets. These "pay checks" are held as collateral for the payment to the Government of the value of the missing sheets in the event they are not subsequently found. If it is impossible to determine that any particular employee was responsible for the loss, the superintendent of the division executes the "pay check," and if the sheets are not later found the employees of the division contribute the amount thereof. Where the loss is due to deliberate theft which can not be traced to any employee or group of employees the shortage upon full investigation by the Secret Service is charged to the division in which the theft or other loss occurred until authority for its cancellation is obtained through the Secretary of the Treasury. Mr. Brewer alleges that the "pay checks" were of little value so far as reimbursements were concerned, and in this connection states:

So-called "Pay Checks."—In former years if a security were lost no one was permitted to leave the Bureau until it was found. This was later modified to the extent of retaining all employees in the division where the security was lost. In recent years the custom has obtained of recognizing such a loss only by having some one in the division sign a so-called "pay check,"—the party responsible would sign in case he could be identified, and if not, the chief of the division would sign it,—*nobody would pay it*, except perhaps rarely.

During the period covered by the Auditors' report these "pay checks," representing shortages which had not been accounted for were 3,249 sheets, the principal money value of which was in Liberty Bonds, the sheets for which numbered 1,794 and represented a money value of \$959,920.

136. In paragraph 135, above, reference is made to the method of collecting the value of losses from employees responsible. Mr. Brewer's statement that "pay checks representing shortages which had not been accounted for were 3,249 sheets," is not altogether correct. The total of 3,249 sheets of shortage is accounted for either by pay checks or a charge against the division in which the loss or theft occurred, as indicated above. In some cases it is possible that pay checks were issued covering shortages which at a later date were cleared through investigation, and through clerical error the pay checks were not canceled. Furthermore, it is absolutely certain that the Government has not sustained a financial loss through sheet shortage, because of the practice which has always prevailed in the Bureau of Engraving and Printing of compelling those responsible for the shortages to pay the intended money value of sheets rather than their actual value at the time of their loss.

137. In his reference to Regulation No. 83 (Bureau of Engraving and Printing) Mr. Brewer resorts to the practice of quoting only a portion of the text in an attempt to prove his case. He states that Regulation No. 83 requires the employees to be assessed the full value of any missing securities, and that such regulation was ignored. He states further that according to the auditor's report the "pay checks" were filed, the custom being to—

merely write the word "canceled," with the date thereon and file it with all the papers in the case.

As a matter of fact the complete statement of the auditors is as follows:

It may be stated here that on May 26, 1919, the Director ordered that thereafter pay checks be returned to the signer when misplaced sheets were found. Prior to that it has been the rule merely to write the word canceled, with date, thereon and file it with all the papers in the case.

138. Mr. Brewer quotes a statement by J. M. Smith, an employee of the Bureau, to the effect that pay receipts varying in amounts from \$4 to several thousand dollars were delivered to him in the utmost confusion in order that he might undertake to assort and post them to the appropriate accounts. Mr. Smith states: "I worked with these pay receipts for a long time and was unable to do anything whatever towards checking them against the losses. To my knowledge, these pay checks have been put to no other use whatever." Mr. Brewer also quotes a statement by Irving P. Tade to the effect that "These receipts were acknowledgment only, and settlement was never demanded or made for the same." As to Mr. Smith's statement, the manner of receiving and canceling pay checks is fully covered above. The statement accredited to Mr. Irving P. Tade is a complete misstatement of fact. Whenever pay checks were demanded to cover losses and the responsibility for the loss was chargeable to the maker or makers of the pay checks, payment was actually made. In other cases, where individual responsibility could not be determined and the loss was not due to negligence within the division, although the head of the division was required to issue a pay check immediately upon the discovery of the loss or misplacement, payment was not required, but the loss was charged against the division. It should be remembered that in nearly all of these cases the so-called "losses" were temporary misplacements of sheets which were later found in some other division. It should be noted also that when losses were acknowledged to be permanent, not only the individual who was responsible for the loss was compelled to pay the money value of the sheets, but in cases where the entire responsibility could not be fastened upon any one individual the persons employed in the division or section where the loss occurred would make good the amount involved. For example, on one occasion, during the period covered by the auditors' report, all of the employees of the examining division contributed to the payment of a sum amounting to over \$800.

139. Mr. Brewer calls attention to the auditors' statement that "the divisional records and balance sheets, as well as the accountant's balance ledger, should reflect the actual figures of stock on hand and not what is called for as they do at present." He refers to an affidavit by Lura M. Baker, an employee in the accountant's office, who states:

In cases where known losses and shortages occurred, and were paid for by employees, my figures would not show as shortages or losses, since these would be included among the paper reported as "mutilated" the same as if it had actually been mutilated.

In cases where known losses and shortages occurred and were *not* paid for by employees (on account of the amounts being large) the pay receipts signed by the employees charged with the loss, or the Chief of Division, was treated as the actual security or securities lost and was included in the "balance on hand," but not separately reported to me.

140. Each division maintains a separate account of sheets received and delivered, which account is balanced daily. The accounts of one division are compared with and checked against the accounts of other divisions from which it receives stock, as well as against the accounts of those divisions to which its work is delivered. Great care is exercised to see that these accounts are properly balanced and that the figures representing the stock on hand are supported by actual stock within the control of the division. Moreover, the chief accountant's office, which is separate and apart from the operating divisions, maintains a complete record of the history of distinctive paper from the time it is received by the Bureau to the time of its ultimate delivery. The accounts of the several divisions must of course be in agreement with the records in the chief accountant's office.

141. Referring to a shortage of 590 sheets of paper money, Mr. Brewer states:

Wetting division does not keep the various classes of denominations of paper money separate in stock. In 1917 their daily proof of stock on hand with their balance sheet was abandoned for some time, and when this was resumed * * * their stock on hand was found to be 590 sheets short. When the inventory was taken in March, 1920, it appeared that the *larger* denominations were first

taken, with the result that when the \$1 silver certificate paper (the *smallest* denomination) was counted, the shortage of 590 sheets was made to appear therein, as it was with the present one—Evidently intended to mean the present audit.

NOTE.—The value of the 590 sheets is assigned by the Auditors as \$2,360 (4 subjects to the sheet). Since the denomination was not known, this amount is therefore shown to be uncertain as silver certificates are printed to a value as high as \$100.

The statement that silver certificates are printed to a value as high as \$100 is not applicable, according to the records of the Bureau, to any year since 1900. The only evidence of silver certificates being printed in denominations higher than \$20 occurs in the years 1904, 1914, and 1915, in each of which were printed silver certificates of \$50 denomination. It should here be noted that the wetting division paper referred to was in the form of blank sheets, and that these sheets were in the very first stages of their transformation from blank sheets to money paper, the individual sheets having no *assigned* money value, although in bulk they did have an intended money value.

142. In referring to the number of uncancelleed pay checks outstanding, Mr. Brewer quotes only a portion of a sentence, thus distorting the intended meaning. He quotes the auditors' statement as follows:

It becomes at once evident that there has been failure to cancel many when the differences they represented were found.

The sentence in question reads:

The uncanceled pay checks more than cover the entire shortage to the extent of 181 $\frac{1}{4}$ sheets, and it becomes at once evident that there has been failure to cancel many when the differences they represented were found. It is not now possible to determine which of the above pay checks were valid, or which represents differences found later.

In other words, the Bureau is holding more uncancelleed "pay checks" than are necessary to cover the entire shortage. This means that the Government is in a position to collect more money than is actually represented by the shortages. To have quoted the entire sentence would have left Mr. Brewer without an argument, and, accordingly, it appears that in this instance, as in many others, he quoted only such fragmentary portions of the text as would have the appearance of supporting his charge.

Mutilated Work.

143. Elsewhere in this reply reference is made to the handling of mutilated and imperfect work by the Bureau of Engraving and Printing, the Division of Paper Custody and the Destruction Committee. In his report of August 21, 1922, Mr. Brewer undertakes to pass judgment upon the condition of bonds that were mutilated and destroyed under the direction of the Destruction Committee, without having had an opportunity to see such mutilated bonds. It is not at all surprising that his statements in this connection should be misleading, if not altogether inaccurate. The percentage of imperfect or rejected sheets which were later destroyed was above normal, due to the unusual war-time conditions which surrounded the execution of all work in the Bureau of Engraving and Printing during that period. The demand for bonds was extremely urgent, and many inexperienced employees in various capacities were engaged in the manufacture of the bonds. Paper, ink, oils, and even machinery, were not up to normal standards, and in most instances substitutes for the proper ingredients of ink, paper, etc., had to be used because of the impossibility of obtaining a higher standard of these necessities during the war period. These items, together with inexperienced personnel, contributed in large measure to the abnormal increase of spoilage in the manufacture of bonds. It should be remembered that all bond issues had to be ready for distribution and sale by the Treasury on certain specified dates, and due to this fact the Bureau was not allotted sufficient time to permit the manufacture of bonds under conditions that would have reduced

the spoilage to a reasonable minimum. It should be noted, further, that three shifts of eight hours each were employed in the execution of this work. Mr. Brewer estimates the cost of each mutilated bond as being 7 cents. This is inaccurate and misleading, for the reason that the bonds mutilated and destroyed were not always *completed* but frequently were in the various preliminary stages, from blank bond paper to partially completed security. It should be observed that inasmuch as imperfect bonds were segregated in the course of manufacture, relatively few *completed* bonds were destroyed because of imperfections. The money value of these "bonds," which is mentioned by Mr. Brewer, is therefore of no consequence, since a \$1,000 bond may not cost any more to produce than a \$50 bond, and both represent the same value in production cost.

Former Safeguards Abandoned.

144. Mr. Brewer states that during the period of the war-loan issues several important safeguards were abandoned, as follows:

- Examining division's check of mutilated securities suspended.
- Stamp count suspended.
- Internal-revenue paper not counted.
- Wet count abandoned.
- Control of balances on hand in examining division suspended.

It is true that some of these so-called safeguards were abandoned for the period of about nine months from September 15, 1918, to June 1, 1919, owing, as stated in the auditors' report, "to lack of help caused by the flu and the extraordinary rush of work due to the war." However, these so-called safeguards represented only one check or count in a series and it was considered their use might be temporarily suspended without serious menace to the security of the work. It is a fact, moreover, that because of the elimination of these particular checks, or "safeguards," the effectiveness of other checks and safeguards was increased.

Lapse of Time Before Examination and Count.

145. Mr. Brewer calls attention to the auditors' statement that bonds "were removed from the tissues in every available space procurable and * * * a period of time elapsed before a final examination and count could be made." It should be noted that of the thousands of units of work, involving millions of impressions manufactured during the period covered by the report, only one example is cited of a substantial lapse of time after printing and before examination and count were made. Mr. Brewer refers to a statement by Mr. J. M. Smith that he recalls in one instance an examination extending into a period of three weeks. While facts relative to the instance cited are at present unavailable, there must at the time have been sufficient reason for the delay, and the work unquestionably was properly safeguarded during the intervening period.

Theft of \$120,000 in Bonds.

146. Mr. Brewer's report of August 21, 1922, includes the following statement:

The auditors' report on page 50, under a note "Report found later," entered a shortage of six \$10,000 bonds with a money value of \$120,000.

This statement is erroneous, in that the auditors' report states that *two sheets of six subjects each, \$10,000 denomination, of 4½ per cent First Liberty Loan, with a money value of \$120,000,* were reported found later, instead of six \$10,000 bonds as noted by Mr. Brewer. Relative to the shortage of the two sheets, six bonds to a sheet, \$10,000 denomination, total value \$120,000, this case was thoroughly investigated by the Secret Service, and the conclusion reached was that theft had been committed, as a result of which one employee was discharged.

147. With respect to these sheets, Mr. Brewer quotes the following statement appearing in a letter addressed to the Secretary of the Treasury by Director Louis A. Hill, of the Bureau of Engraving and Printing, under date of June 7, 1922:

When a plate, or set of plates, was worn or otherwise unfit for use, it was removed from the press, and thrown carelessly into a corner of the room to await destruction by laborers in the division. During the interim between time of removal from press and destruction, the plates were accessible to anyone in the surface division, making it possible to get possession of a complete set of plates, including the story, date, number, interest, and interest date. The value of these two sheets, \$120,000, would have made this effort worth while.

This form of receipt and destruction of electrotype plates broke down every form of security relative to the surface printing and numbering of bonds.

The above statement, accredited to Mr. Hill, refers to *electrotype*s and not to the *engraved* plates, the latter and not the former furnishing the protection. As to the likelihood of such electrotypes being put to illegitimate use, attention is invited to Mr. Hill's additional statement, as quoted by Mr. Brewer in his report of August 21, 1922,—

That the type used for the electrotype plates was a type which could have been purchased in the open market,—

He suggests that even if the type and plates referred to as being used in completing the story of bonds had been *properly safeguarded in the Bureau*, there would still remain the opportunity for duplication by those outside of the Bureau, who might have obtained the necessary type, plates, etc., "*in the open market*." The facts are that the element of security is to be found not so much in distinctive forms of type or electrotype plates used in filling in the story, etc., of the bond, but in the fine engraving and plate printing with which the backs and faces of the bonds are executed, and in the later imprinting of the Treasury seal and serial numbers in color and the final impressing of the Treasury seal by the Register or by the Division of Loans and Currency. As to the alleged carelessness in the handling of defective or worn electrotypes, it should be stated that employees were specially designated to take charge of such electrotypes and to mutilate them so as to render them unfit for further use. The electrotypes were delivered to these employees and taken to a bench in the corner of the room, where they were hammered and otherwise defaced, after which they were destroyed.

Determining Origin of Shortages.

148. Further, with respect to the above two sheets, Mr. Brewer refers to the auditors' statement that it is impossible to say what proportion of loss is due to theft and what to carelessness. If Mr. Brewer had quoted the whole of the auditors' statement in this connection, an entirely different meaning would have been evident. The full paragraph, as it appears in the auditors' report, is as follows:

What proportion of the loss is due to theft and what to carelessness it is impossible to say. The following may be taken as a case in point. On November 13, 1919, A. E. Bealle, chief of the examining division, reported that the 4 $\frac{1}{4}$ per cent First Liberty Loan face of \$10,000 denomination and six subjects was two sheets short, one each in the work of the printers, A. Wright and A. Young, of November 12, when counted after being dried and removed from the tissues the next day, differing from the register count of the machine. This case was thoroughly investigated at the time by Secret Service operatives and the conclusion they arrived at was that theft had been committed to embarrass the Director with a view to influencing him to pay better wages to the dry box employees. The story, seal, and number had not been printed on them nor had the coupon dates of maturity or numbers, all of which would have made it impossible to get rid of them by sale or exchange. As an indirect result one man later was discharged.

A complete report of the above case, giving all information covering its history from its inception to its conclusion, may be found in the files of the Secret Service Division.

Printing of 1,300 \$10,000 Bonds.

149. In Mr. Brewer's report of January 15, 1924, he refers to the printing of the "faces" of 1,300 \$10,000 bonds from "backs" which apparently had previously been discarded. Similar reference appears in his report of December 21, 1921. It is noted that he does not make a direct charge, nor does he submit a specific statement from the employees concerned. To quote from his report of December 21, 1921:

John Hardie, a plate printer at the Bureau of Engraving and Printing, states that a Eugene Fugett can testify that about April 1920 he was ordered to print the faces of 1,300 \$10,000 bonds from backs, which had apparently been previously discarded, due to the inferior quality of the printing; that the bonds were most faulty with "creases", "off register" as to "backs" and "tints", and containing "breaks" in the printing of the "backs". Fugett can further testify, according to Hardie, that, after wasting much time and failing to select work which he could conscientiously finish, he stopped his work and asked his superintendent what was to be done under the circumstances, and the answer was "I have my orders, - they should be printed". Fugett further stated, according to Hardie, that even then he was unwilling to be responsible for the work and that he obtained an interview with John Devoney, the night "Director", to whom he explained the facts, and that Devoney instructed him to go ahead and print them, stating that the Treasury Department had asked for them and must have them, "so, go ahead; you will not hear anything further about them". The above incident, according to Hardie, continues: Fugett continued his work, but even then was able to select only about 600 out of the 1,300 sheets, which he thought were at all possible. Fugett's "follower" (the man on the next shift) printed the remainder, and nothing further was ever heard of the case, *both men being paid their average pay*, instead of being paid the usual piece work rates. This involved, as Mr. Fugett can testify, printing of bonds which were filled with imperfections from start to finish, any one of which under ordinary conditions would be sufficient for the pay of the man checked for same. It is possible that this was a legitimate transaction. Only a sympathetic examination of the records will tell. Appearances are much against it being legitimate.

A circumstance met with by Fugett when printing the 1,300 bonds was that he discovered about 100 good bonds in between the defective ones. The good bonds had been used for what are known as "tissues" for separating the bonds. The whole package containing the bonds had then passed the examining division.

It will be noted that Mr. Brewer states that "it is possible that this was a legitimate transaction," and that "only a sympathetic examination of the records will tell." Moreover, in his report of January 15, 1924, he admits his inability to prove the charge concerning the printing of these bonds, but states that "proof that such printing was irregular was not obtained but *it was found records which would have thrown light on the subject had been extracted for the period concerned.*" He calls attention to the fact that certain records were destroyed on the certificate of Director Wilmeth, and refers to report No. 1163 of the House of Representatives, 67th Congress, Second Session, being a report from the Joint Select Committee on Disposition of Useless Executive Papers.

150. From an investigation made by the Treasury in connection with the above transaction, it has been found that the bonds in question were printed in regular course and upon proper authority. On October 31, 1919, the Assistant Secretary of the Treasury authorized and directed the Director of the Bureau of Engraving and Printing to deliver 10,000 pieces of permanent coupon bonds of the Third 4½'s of \$10,000 denomination, and the records show that it was only during November, 1919, and only in connection with bonds printed on this order that Mr. Fugett printed the faces of any bonds of \$10,000 denomination during the period April, 1917, to March, 1922. While Mr. Brewer insinuates that records which would have thrown light on the subject had been intentionally extracted for the purpose of precluding the detection of the alleged fraud, *records are available* showing the printing of the bonds. Certain of the records were destroyed as useless paper, as alleged, in accordance with the long-established practice, but it can be shown that records which are material in showing whether or not the

printing of the bonds was irregular *were not destroyed*. The records show that the bonds in question were printed in November, 1919, and not in 1920, as stated in Mr. Brewer's reports.

151. It will be noted that *Mr. Brewer states that "John Hardie * * * states that a Eugene Fugitt can testify"* as to the circumstances connected with the printing of the above bonds. Mr. Brewer then follows with a statement as to what John Hardie states as to what Mr. Fugitt stated as to a transaction which is alleged to have occurred in 1920 but which, in fact, could not have occurred in 1920. The fact that Mr. Brewer resorts to hearsay is quite significant when attention is invited to the following statement by Mr. Fugitt with respect to the printing of the bonds, in which Mr. Fugitt's version of the printing is different from that accredited to Mr. Hardie:

* * * * *

While I was a pressman during the printing of the Liberty Loan bonds (I can't just recall the date nor the loan that was being printed, but think it was about 1920), I had brought to me 1,300 backs of \$10,000 bonds to print faces on them. On examination I found a number of these backs imperfect, and instead of printing the faces on them without reference to the condition of the backs, I culled out the perfect backs and only printed faces on them. I believe I printed about 600 faces. *There was nothing unusual in this piece of work as we were endeavoring in every way to salvage as much of the work as possible at that time and the matter was only routine.*

The fact that Mr. Brewer resorts to hearsay is also quite significant when attention is invited to the fact that Mr. Fugitt himself states that, contrary to Mr. Brewer's allegation, he did not refer the imperfections to Mr. Deviny (referred to in Mr. Brewer's reports as "John Devoney, the night Director") and received no instructions from Mr. Deviny in this connection, either direct or indirect. Attention is also invited to the fact that Mr. Fugitt was as readily accessible as was Mr. Hardie, yet Mr. Brewer obtained the statement as to what Mr. Fugitt is alleged to have said from Mr. Hardie. Mr. Brewer should know that hearsay evidence, (especially when the party who is alleged to have made the original statement is as readily accessible as the one who repeats such statement), is a very unreliable foundation on which to base a charge or insinuation of fraud.

152. The salvaging of good sheets from an assortment of both perfect and imperfect sheets was not an unusual occurrence in the printing of bonds. From Mr. Hardie's statement as to what Mr. Fugitt is alleged to have said, it would appear that the imperfect backs which he had selected as being unfit for printing were printed by Mr. Fugitt's "follower—the man on the next shift." However, the records show the numbers of the bonds printed, and the regular examination of the bonds themselves, made by the Division of Loans and Currency, did not disclose any irregularity in connection therewith. Mr. Weekel, who was the man on the next shift, and who completed the work turned in by Mr. Fugitt as uncompleted, makes the following statement in connection therewith:

I, Gustave A. Weekel, do certify that I have been employed in the Bureau of Engraving and Printing from 1902 to the present date (April 3, 1924) in the capacity of plate printer.

My attention has been called to certain records of the Wetting Division and the Printing Division covering the period November 25, 1919, to November 28, 1919, and I have seen entries thereon referring to my record in connection with the printing of permanent bonds of the \$10,000 denomination (faces). I have noted the entry dated November 28, 1919, with reference to 750 sheets received from the Wetting Division and delivered as printed. Over four years have elapsed since the work in question and I can not, of course, recall the details but I do have some recollection of the particular work, and I do recall that many of the backs were creased or otherwise imperfect and that in order to print the faces on the bonds it was necessary for me to straighten out the creases. However, this was not in any way unusual on a short order. An order of 10,000 pieces is considered a short order. It has been the practice in the Bureau in the course of printing bonds for the printer to cull those bonds which may be creased or otherwise defective and to permit them to accumulate until the end of the order, and toward the end of the order the paper which is culled out and which has accumulated is printed. The printing

of the "culled out" pieces is slower than the regular work for the printer is required to take the creases out of the paper and otherwise salvage the paper before printing.

For me to have printed bonds which would not pass inspection would have been a loss to me for the reason that they would subsequently be returned and I would be charged therefor by a deduction from my pay. Not only that, but from my recollection of the particular order, I know that the bonds, when printed, were in no way irregular.

(Signed) GUSTAVE A. WECKEL.

With respect to the statement that Mr. Fugitt and the man on the next shift (Mr. Weekel) printed the bonds on an average day's basis (this statement having been made presumably to show further that the entire transaction was irregular), attention is invited to the fact that while Mr. Fugitt was paid on an average day's basis, Mr. Weekel, the man who actually printed the bonds from the paper which is alleged to have been imperfect, was paid on a piece-work basis and not on an average day's basis, as alleged, although Mr. Weekel could have been paid on an average day's basis for the work had he asked to be so paid. In that connection Mr. Weekel stated that the reason for his not having asked that he be paid on an average day's basis on the work was due to the fact that the paper was not in a sufficiently imperfect condition to justify this. Inasmuch as the salvaging of securities paper necessitates an examination of each sheet before it is placed on the press, the work is slower than would ordinarily be the case, and it is not considered fair to pay the printer therefor on a piece-work basis.

153. Attention is invited to paragraphs 9 to 28 hereof, wherein it is shown that imperfect security paper must be accounted for in the Bureau of Engraving and Printing in the same manner as perfect paper. Therefore, to obtain imperfect paper with which to perpetrate fraud would be fully as difficult as to obtain perfect paper, and there is no point, therefore, to Mr. Brewer's insinuation that the utilization of culled sheets indicates irregularity. The statement that "good bonds had been used as 'tissues' for separating the bonds" is a clear and unequivocal falsehood.

154. The utter unreliability of the evidence by which Mr. Brewer attempts to show that fraud existed in connection with the printing of the bonds in question should be quite obvious without going further into the Bureau situation.

155. The foregoing covers substantially all of Mr. Brewer's charges concerning alleged irregularities in the Bureau of Engraving and Printing. Several minor and unimportant references are ignored in this reply, but sufficient consideration has been given the general charges to show that Mr. Brewer in this connection, as in his investigation of duplicated serial numbers, has resorted to the distortion of facts, the omission of details, and the misstatement of conditions, all for the purpose of sustaining his charges. The report of the Department of Justice committee indicates a thorough and careful examination of the matters under consideration, and while Mr. Brewer endeavors to place an erroneous meaning upon their conclusions, and in at least some instances grossly misquotes the auditors' findings, the Treasury is gratified to know that the committee found nothing that would justify Mr. Brewer's insinuation that irregularities in the operation of the Bureau of Engraving and Printing permitted fraudulent duplications or overissues to be perpetrated without detection.

AUDIT AND INVENTORY OF PAPER ACCOUNTS.

156. Several audits have been made of the paper accounts of the Bureau of Engraving and Printing covering the whole period since the beginning of the war. These audits disclosed no discrepancies in the accounts beyond the petty differences that would ordinarily arise in any operation of similar magnitude. In paragraphs 9 to 28 hereof appears a description of the numerous checks and counts required to be given distinctive paper from manufacture to final delivery as perfect securities or as mutilated or imperfect stock. The effect of these con-

tinual counts and verifications is reflected in the relatively insignificant differences revealed by audit.

157. The first audit covering the war-loan period was made in 1920 by a committee appointed by Secretary Glass. The committee reported no substantial discrepancies, and advised the Secretary that the differences found were traceable largely to accounting errors. In April, 1922, another committee was appointed by the Treasury to examine the security paper accounts, and the report of this committee likewise indicated no material differences in the distinctive paper accounts. A statement of these differences appears in my letter of February 13, 1924, as follows: "A net shortage of 49 sheets for the First 3½'s; a net shortage of 28½ sheets for the First 4's and Second 4's; a net overage of 1½ sheets for all of the 4½ per cent Liberty bonds; a net overage of 5½ sheets for Victory notes. It is estimated that the differences in the 3½ per cent First Liberty Loan paper accounts could not involve a money value of over \$3,690, while the differences in the First 4 per cent and Second 4 per cent paper could not involve a money value of over \$2,783.41. Against these shortages there are, as stated, overages in the 4½ per cent bond paper and in the Victory note paper accounts." The aforementioned shortages refer to issues of Liberty Loan bonds and Victory notes up to June, 1919. In the issues of permanent bonds there were the following differences: A net overage of 2 sheets in the Second 4's; a net overage of 1 sheet in the First 4½'s; a net overage of 34 sheets in the Second 4½'s; a net overage of 28 sheets in the Third 4½'s; and a net shortage of 107 sheets in the Fourth 4½'s, representing a net shortage in permanent bond paper of 42 sheets.

158. Simultaneously with the Treasury's examination of security paper accounts in April, 1922, a similar examination was made by a committee of examiners from the Department of Justice. This latter audit was, however, independent of that made by the Treasury. It is important to note that the differences disclosed by the Department of Justice examination were practically the same as those disclosed by the Treasury's audit. In its report covering the audit the Department of Justice committee made the following statement:

In handling 97,981,320 sheets of Liberty loan bond paper, covering a period of three years and during which the plant was in continuous operation with the corridors stacked with sheets, there is a proven loss of but 113½ sheets and no more.

159. In money paper, the Department of Justice found a net shortage of 636½ sheets while the Treasury committee found a shortage of 636 sheets. Of this shortage the Secret Service is able positively to account for 462 sheets, the same having been stolen by employees of the Bureau who were subsequently apprehended and placed in custody. This leaves a balance of about 174 sheets, and there is every possibility that these were destroyed by the thieves, who have admitted that some of the paper was destroyed by burning.

160. The comparatively small shortages disclosed in the independent audits by the Treasury and the Department of Justice committees are very gratifying, and conclusively disprove Mr. Brewer's charge that fraudulent overissues of public debt securities were printed at the Bureau. The audits show that the Bureau of Engraving and Printing printed and delivered in connection with the war issues, exclusive of war savings securities, over 211,000,000 pieces of securities, with an aggregate face value exceeding \$124,000,000,000. A comparison of these figures with the insignificant shortages found by the two audit committees indicates only such percentage of difference as would be expected in an operation of this magnitude. As to the deliveries of distinctive paper by the Division of Paper Custody and receipts thereof by the Bureau of Engraving and Printing, the Department of Justice committee states that: "All receipts and deliveries of * * * money and bond paper, as reflected by the books and records of the Bureau for the period from April 1, 1917, to April 8, 1922, are in agreement with the certified statement of such receipts and deliveries for the same period submitted to us by the Chief of the Division of Paper Custody." The committee calls attention to the fact that lack

of vault space in the Bureau necessitated the stacking of bond paper in corridors throughout the building, and that the Bureau literally had to go out in the street during the war to get sufficient help, the foregoing, in the opinion of the committee, *being mainly responsible for the large number of differences existing in all of the divisions.* The Treasury audit revealed exactly the same situation, but the fact that a committee from another executive Department made similar findings is of particular importance.

161. The full report of the Department of Justice committee is too lengthy to be included herein, but in order that the situation disclosed by the audit may be shown, there are given below the committee's conclusions:

CONCLUSIONS.

Fiber Money Paper.

In regard to the net shortage of 636 $\frac{3}{4}$ sheets of fiber money paper there are two known thefts, as follows:

Reeapitulation of Differences, page 37:

Key no. 16 Federal Reserve Notes \$5. March, 1921 of 252 sheets,

Key no. 19 Federal Reserve Notes \$10. November, 1918 of 34 sheets, that accounts for 286 sheets, leaving 350 $\frac{3}{4}$ unaecounted for, but as has previously been pointed out, against this there are

	Sheets.
Pay checks for-----	818
Reports covering-----	1, 157
Book entries covering-----	185
Total-----	2, 160

The Bureau handled 973,659,745 sheets of money paper from April 1, 1917 to April 8, 1922, during which period there was a net loss of 350 $\frac{3}{4}$ sheets.

Fiber Bond Paper.

Against the net shortage of 214 $\frac{3}{4}$ sheets in all bond paper—113 $\frac{3}{4}$ in Liberty Loan issues, 100 in temporary certificates of the First Liberty Loan and one in Sundry other bonds—as has previously been pointed out, there are

	Sheets.
Pay checks for-----	158
Reports covering-----	1, 633
Book entries covering-----	3

Total-----

	Sheets.
In the amount of bond paper handled by the Bureau:	
Liberty Loan Issues-----	97, 981, 320
All other issues-----	11, 578, 866 $\frac{1}{4}$

Total-----

from April 1, 1917, to April 8, 1922, there was a net loss of 214 $\frac{3}{4}$ sheets, made up of 113 $\frac{3}{4}$ sheets in various Liberty Bond issues, 100 sheets in Interim Certificates of 3 $\frac{1}{2}\%$ First Liberty Loan and 1 in Sundry other bonds.

The equivalent in bonds of the 113 $\frac{3}{4}$ sheets short in the Liberty Loan issues is only 154 $\frac{1}{2}$ and this small number of bonds is due to the fact that, in the case of the First Liberty Loan each coupon bond required 2 sheets of two subject paper, size 14 x 13.

All receipts and deliveries of Localized Fiber Money and Bond Paper, as reflected by the books and records of this Bureau for the period from April 1, 1917, to April 8, 1922, are in agreement with a certified statement of such receipts and deliveries for the same period submitted to us by the Chief of the Division of Paper Custody.

In General.

It appears that certain of the counts and checks required by the rules of the Bureau were eliminated during the years 1917, 1918, and 1919; that the Liberty Bond paper was stacked in the corridors throughout the building for lack of vault space, and this together with the fact that the Bureau literally had to go out in the street during the war to get sufficient help is, in our judgment, mainly responsible for the large number of differences existing in all of the Divisions.

The rules of the Bureau require that all localized fiber paper be requisitioned by class and denomination, but this was not adhered to as shown in the case of the Victory and certain issues of the

Permanent Liberty Loan Bond paper (pages 66 and 67). All localized fiber paper received by the Bureau is stacked according to size, regardless of class and denomination.

The system of accounting is far from being up to date, but under normal conditions and with competent clerks it serves the purpose. There is, perhaps, one exception to this and that is that the divisional records and balance sheets, as well as the Accountant's balance ledger, should reflect the actual figures of stock on hand and not what is called for as they do at present. This can be remedied by the Accountant maintaining a difference account for overs and shorts in the various divisions, thus permitting each division to show its true balance.

With regard to the differences it is impossible to say what proportion of the differences is due to theft and what to error. In any case they should not be allowed to run indefinitely but should be promptly cleared off the records by proper adjustment with the chief of the Division of Paper Custody, after which the uncancelled pay checks should be properly disposed of.

Respectfully submitted,

(Signed)

ALBERT P. SMITH
THOS. P. MERRILEES
H. B. MATHENY
J. H. MACKAY

WASHINGTON, D. C., August 4, 1922.

Committee.

162. A summary of the findings of the two Treasury committees dated August 5, 1920, and May 11, 1922, and of the Department of Justice committee dated August 4, 1922, is set forth in Senate Document No. 335, Sixty-seventh Congress, fourth session, a reprint of which is appended to this report (Exhibit E).

163. The following statement sets forth, in summary form, the distinctive paper accounts with the Bureau of Engraving and Printing during the period from April 1, 1917, to April 8, 1922, covering two items: (1) Paper currency issues of the United States, and (2) United States public debt securities, including the Liberty issues, Treasury notes, and regular issues of certificates of indebtedness. (Treasury war-savings securities and miscellaneous items are not included.)

	United States currency (including bank notes), number of sheets.	War-loan securities, number of sheets.
Balance distinctive paper in Bureau on April 1, 1917, as shown on Secretary's books	27, 519, 729	None.
Blank distinctive paper issued to Bureau	935, 690, 499	105, 073, 571
	963, 210, 228	105, 073, 571
Delivered by Bureau:		
Completed work—		
To Treasurer, United States.....	424, 139, 000	.....
To Comptroller of the Currency.....	458, 779, 605	.....
To Division of Loans and Currency.....		84, 837, 318 $\frac{1}{2}$
Difference.....		393 $\frac{1}{2}$
Specimens.....		.....
Total completed work.....	882, 918, 605	84, 837, 712 $\frac{1}{2}$
Mutilated work—		
To Division of Paper Custody.....	52, 918, 503	17, 442, 930 $\frac{1}{2}$
Total delivered.....	935, 837, 108	102, 250, 642 $\frac{1}{2}$
Balance distinctive paper in Bureau April 8, 1922:		
Record	27, 373, 120	2, 792, 928 $\frac{1}{2}$
Inventory	27, 372, 484	2, 792, 713 $\frac{1}{2}$
Difference short, net.....	636	214 $\frac{1}{2}$

164. Completed currency was delivered in regular course, Treasury issues to the Treasurer of the United States and bank issues to the Comptroller of the Currency or to custody subject to his order. Public debt securities were delivered to the Division of Loans and Currency in the Office of the Secretary of the Treasury. Mutilated work was scheduled by the Bureau in lots, a complete description being given, and delivered in regular course to the Division of Paper Custody (formerly office of Custodian of Paper), where verification was made by actual count and examination. Discrepancies were adjusted, the count was certified, and the mutilated work delivered to the Destruction Committee. The Destruction Committee proceeded to destroy such mutilated work by maceration, certifying to their action. The Destruction Committee

followed definite procedure prescribed by the Secretary and their work at all times, was subject to observation by the Secret Service.

165. During the period in question, April 1, 1917, to April 8, 1922, the Bureau of Engraving and Printing delivered to the Division of Loans and Currency 211,856,387 interim certificates, Liberty bonds, Victory notes, Treasury notes, and Treasury certificates of indebtedness (the equivalent of 84,837,318 $\frac{1}{4}$ sheets of Bureau work), the face amount thereof being \$124,118,305,000.

166. The following table sets forth these deliveries by classes of securities. To complete the record to June 30, 1923, there is added to the table other securities of the same classes subsequently delivered to June 30, 1923, with total deliveries to the latter date aggregated.

United States public debt securities—Deliveries by the Bureau of Engraving and Printing—Interim certificates, Liberty bonds, Victory notes, Treasury notes, Treasury bonds, Treasury certificates of indebtedness.

	Total sheets.	From Apr. 1, 1917, to Apr. 8, 1922.		From Apr. 9, 1922, to June 30, 1923.		Total from Apr. 1, 1917, to June 30, 1923.	
		Total pieces.	Face amount.	Total pieces.	Face amount.	Total pieces.	Face amount.
First 3 $\frac{1}{4}$'s:							
Full and part-paid interims.....	1,400,908 $\frac{1}{4}$	8,405,450	\$5,959,400,000			8,405,450	\$6,959,400,000
Coupon.....	11,001,000	5,502,000	1,729,250,000	84,000	\$81,000,000	5,586,000	1,813,250,000
Registered.....	316,250	632,500	1,300,000,000	950	95,000,000	633,350	1,395,000,000
First 4 $\frac{1}{4}$'s:							
Temporary coupon.....	1,185,000	4,720,000	820,000,000			4,720,000	820,000,000
Permanent coupon.....	470,750	470,750	87,750,000	500	3,500,000	471,250	91,250,000
Registered.....	137,250	526,000	492,700,000			526,000	492,700,000
First 4 $\frac{1}{4}$'s:							
Temporary coupon.....	929,166 $\frac{1}{4}$	5,575,000	950,000,000			5,575,000	950,000,000
Permanent coupon.....	2,890,500	2,890,500	882,500,000	72,300	76,200,000	2,962,800	958,700,000
Registered.....	75,613 $\frac{1}{4}$	449,560	1,000,250,000			449,560	1,000,250,000
First Second 4 $\frac{1}{4}$'s:							
Temporary coupon.....	21,700	130,200	39,200,000			130,200	39,200,000
Permanent coupon.....	17,300	17,300	8,050,000	900	1,713,750	18,200	9,763,750
Registered.....	7,910 $\frac{1}{4}$	47,530	38,565,000			47,530	38,565,000
Second 4 $\frac{1}{4}$'s:							
Temporary coupon.....	3,992,000	15,958,000	4,630,250,000			15,968,000	4,630,250,000
Permanent coupon.....	1,156,500	1,156,500	210,000,000			1,156,500	210,000,000
Registered.....	357,500	1,415,000	1,750,000,000			1,415,000	1,750,000,000
Second 4 $\frac{1}{4}$'s:							
Temporary coupon.....	2,258,666 $\frac{1}{4}$	13,552,000	3,776,500,000			13,552,000	3,776,500,000
Permanent coupon.....	9,131,000	9,131,000	3,820,350,000	82,350	320,000,000	9,213,350	4,140,350,000
Registered.....	227,073 $\frac{1}{4}$	1,355,160	1,802,190,000	10,000	3,000,000	1,365,160	1,807,190,000
Third 4 $\frac{1}{4}$'s:							
Temporary coupon.....	4,228,000	25,368,000	4,704,150,000			25,368,000	4,704,150,000
Permanent coupon.....	9,421,000	18,181,000	4,609,425,000	39,000	390,000,000	18,887,000	4,999,425,000
Registered.....	339,025	2,028,550	1,651,270,000	75,090	51,500,000	2,103,550	2,172,770,000
Fourth 4 $\frac{1}{4}$'s:							
Temporary coupon.....	5,930,500	35,883,000	7,893,000,000			35,883,000	7,896,000,000
Permanent coupon.....	18,289,600	18,289,600	7,182,600,000	25,000	250,000,000	18,314,600	7,432,600,000
Registered.....	578,308 $\frac{1}{4}$	3,482,550	2,578,050,000	125,000	110,500,000	3,587,550	2,688,550,000
Victory 4 $\frac{1}{4}$'s:							
Coupon.....	5,525,575	22,102,300	5,451,700,000	134,900	474,400,000	22,237,200	5,926,100,000
Registered.....	558,266 $\frac{1}{4}$	1,674,800	1,312,820,000			1,674,800	1,312,820,000
Victory 3 $\frac{1}{4}$'s:							
Coupon.....	372,700	1,490,800	2,327,400,000			1,490,800	2,327,400,000
Registered.....	25,353 $\frac{1}{4}$	76,060	777,280,000			76,060	777,280,000
Treasury 4 $\frac{1}{4}$'s of 1947-52:							
Coupon.....				674,900	1,050,500,000	674,900	1,050,500,000
Registered.....				74,000	259,000,000	74,000	259,000,000
Treasury certificates of indebtedness.....	3,625,445 $\frac{1}{4}$	9,442,577	51,873,455,000	605,650	3,623,500,000	10,048,227	55,496,955,000
Treasury notes.....	311,425	1,215,700	3,417,200,000	1,598,500	5,118,800,000	2,844,200	8,536,000,000
Total.....	81,837,318 $\frac{1}{4}$	211,856,387	124,118,305,000	3,602,950	11,913,613,750	215,459,337	136,031,918,750

RECAPITULATION.							
Interim certificates.....	1,400,908 $\frac{1}{4}$	8,405,450	\$5,959,400,000			8,405,450	\$6,959,400,000
Liberty bonds:							
Temporary coupon.....	18,595,033 $\frac{1}{4}$	101,193,200	22,816,100,000			101,193,200	22,816,100,000
Permanent coupon.....	52,383,650	50,305,650	18,559,925,000	304,050	\$1,125,413,750	56,609,700	19,685,338,750
Registered.....	2,038,960 $\frac{1}{4}$	9,916,850	10,623,025,000	210,950	262,000,000	10,127,800	10,885,025,000
Victory notes:							
Coupon.....	5,898,275	23,593,100	7,779,100,000	134,900	474,400,000	23,728,000	8,253,500,000
Registered.....	553,620	1,750,850	2,090,100,000			1,750,860	2,090,100,000
Treasury bonds:							
Coupon.....				674,900	1,050,500,000	674,900	1,050,500,000
Registered.....				74,000	259,000,000	74,000	259,000,000
Treasury certificates of indebtedness.....	3,625,445 $\frac{1}{4}$	9,442,577	51,873,455,000	605,650	3,623,500,000	10,048,227	55,496,955,000
Treasury notes.....	311,425	1,215,700	3,417,200,000	1,598,500	5,118,800,000	2,844,200	8,536,000,000
Total.....	81,837,318 $\frac{1}{4}$	211,856,387	124,118,305,000	3,602,950	11,913,613,750	215,459,337	136,031,918,750

All the securities delivered by the Bureau have been fully accounted for by the administrative units concerned, as is shown by verifications made by the Division of Public Debt Accounts and Audit, and as is shown on the books of that Division.

It has been shown from the above that Mr. Brewer has failed to submit any evidence to justify his charge that fraudulent duplications or overissues of the public debt occurred through irregularities in the Bureau of Engraving and Printing; it has been shown that he makes a false statement regarding the differences in money paper, since the auditors' report, to which he refers, shows exactly the reverse of what Mr. Brewer claims; it has been shown that "pay-checks" were required to be executed to cover shortages, and that the United States did not sustain a single loss in any case where the shortage might be traced to a particular employee or employees; it has been shown that the temporary abandonment of certain so-called safeguards was offset by increased effectiveness of other checks and safeguards; it has been shown that Mr. Brewer's estimate of the cost of spoiled and mutilated work is inaccurate and misleading; it has been shown that the inventory and audit of the paper accounts, made by two separate committees, from the Treasury Department and the Department of Justice, respectively, found no substantial discrepancies in the distinctive paper accounts, and were practically in agreement as to differences found; and it has been shown, with respect to the report of the auditors of the Department of Justice, that Mr. Brewer has attempted to discount the conclusions reached by such committee and attempts to give false interpretations to the auditors' findings.

It has been shown that there have been no fraudulent duplications or overissues of the public debt, and, as previously pointed out, it was absurd for Mr. Brewer to attempt to show that officials of the Treasury Department suppressed information as to fraudulent duplications or overissues when none existed. However, each and every material point raised by Mr. Brewer in support of the charge that the facts concerning fraudulent duplications or overissues were suppressed by officials of the Treasury Department has been taken up in detail, and the absurdity of his charges in this connection are hereinafter further shown.

DISCREPANCIES IN THE ANNUAL REPORT OF THE REGISTER OF THE TREASURY.

In support of the charge that officials of the Treasury Department deliberately attempted to conceal the facts regarding fraudulent duplications and overissues, Mr. Brewer alleges that issuance of annual reports by the Register of the Treasury for 1918 and 1919 was postponed, and that when such reports finally were issued the figures were "manipulated" to misstate the facts. He refers to tables appearing in the Register's reports, and charges that gross discrepancies appear therein.

167. In his references to the annual reports of the Register, Mr. Brewer demonstrates, perhaps more conclusively than in any other accusation, the utter unreliability of his charges. He charges that these reports contain grave discrepancies, and impugns the integrity of Treasury officials by implying that they "manipulated" the figures in these reports to conceal the fraud which he alleges. There are no such discrepancies in the reports as he charges, the facts are clearly and accurately set forth in the reports, and one can not escape the impression that he deliberately distorted the meaning of the tables in order to support his accusations.

168. In his report of June 30, 1921, he alleges that the 1920 report of the Register (which included the 1918 and 1919 reports) contains the following contradictory statements:

Page 12 shows the total of the First 3½ per cent Loan as \$1,515,539,150.

Page 19 shows the total of the First 3½ per cent Loan as \$3,505,099,550.

Mr. Brewer states that "one of the amounts must be wrong." Thus the Register by implication is accused of understating, to the extent of nearly \$2,000,000,000, the amount of First 3½'s issued. *Mr. Brewer has completely disregarded the fact that upon payments for 3½ per cent bonds of the First Liberty Loan the Treasury first delivered interim certificates, such interim certificates subsequently being exchangeable for definitive bonds, and that for each definitive bond issued upon such exchange an equal face amount of interim certificates was retired. The cumulative total of securities issued was thereby increased, but the principal amount outstanding was not affected. The amount given in one table includes interim certificates and definitive bonds, while the amount given in the other table includes only definitive bonds.*

The amount stated in Table 1, on page 12, of the Register's report for 1920, \$1,515,539,150, referred to by Mr. Brewer, represented the amount of 3½ per cent bonds issued and issuable against the surrender of interim certificates. Deducting the amount of 3½ per cent bonds stated by the Register in the same table as retired, \$105,464,750, there were shown as outstanding on June 30, 1920, \$1,410,074,400 First Liberty Loan 3½ per cent bonds, which is in agreement with the financial statement of the public debt outstanding June 30, 1920 (p. 315, Secretary's report for 1920).

The amount stated in Table 2, on page 19, of the Register's report for 1920, \$3,505,099,550,¹ which is referred to by Mr. Brewer, is comprised of two factors; namely, (a) the 3½ per cent full-paid interim certificates originally issued against cash payments, \$1,989,455,550, and (b) the 3½ per cent definitive bonds issued and issuable against the surrender of 3½ per cent full-paid interim certificates, \$1,515,539,150. The discrepancy, implied by Mr. Brewer, of approximately \$2,000,000,000 is explained by the fact that the issue of 3½ per cent full-paid interim certificates upon original subscriptions is included in the amount of \$3,505,099,550; whereas the amount \$1,515,539,150 represents only the 3½ per cent definitive bonds issued and issuable against the surrender of 3½ per cent full-paid interim certificates. With respect to gross issues of 3½ per cent securities, the following footnote appears on Table 2, page 15, of the Register's report for 1920:

² Outstanding June 30, 1917; represents 3½ per cent interim certificates issued; no definitive bonds issued until August, 1917. The amounts shown under "issued and retired during 1918" include 3½ per cent interim certificates and 3½ per cent bonds.

This footnote clearly sets forth the two factors which comprise the gross issues for 1918; and since gross issues were shown in the 1920 report, the note would apply to the figures for that year as well as the figures for 1918.

The retirements of 3½ per cent securities of the First Liberty Loan to June 30, 1920, are shown in Table 2, page 19, of the Register's report for 1920 as \$2,095,027,950.^{1, 2} This amount is comprised of two factors; namely, (a) 3½ per cent full-paid interim certificates surrendered and to be surrendered for definitive bonds, \$1,989,455,550, and (b) 3½ per cent definitive bonds surrendered for conversion into First Liberty Loan bonds bearing a higher rate of interest, \$105,464,750. The difference between the gross issues of 3½ per cent securities, \$3,505,099,550, and the gross retirements of 3½ per cent securities, \$2,095,027,950, as shown in the Register's report, is \$1,410,071,600, which is \$2,800 less than the amount of 3½ per cent securities outstanding. (The difference of \$2,800 is explained by a footnote to the table cited.)

169. In his report of December 21, 1921, Mr. Brewer states that the total of First 3½'s delivered to June 30, 1920, as shown in the Register's report for the fiscal year 1920 on page 87 (for the fiscal year 1918—\$1,474,300,000) and page 103 (for the fiscal year 1919—\$40,000,000)

¹ From this amount should be deducted an item of \$104,850 included in error by the Register in compiling its statement. This item was adjusted in a subsequent report.

² From this amount should be deducted an item of \$2,800 which is explained by the footnote in the Register's table.

is \$1,514,300,000, and that in the same report, Table 1, page 12, the total of First 3½'s issued is given as \$1,515,539,150. Mr. Brewer states: "Unless some of the bonds * * * were delivered during 1920, which were not reported, we have the impossible condition of \$1,239,150 more bonds being issued by Loans and Currency than had been delivered to it."

In attempting to prove his charge that an overissue occurred, Mr. Brewer erroneously compares two sets of tables relating to two different classes of transactions: First, he confuses *coupon bonds delivered by the Register to the Division of Loans and Currency* with bonds, both registered and coupon, *issued or issuable to the public*; and, second, he refers to a table covering *both registered and coupon bonds, issued and issuable*, as reflecting the issue of *only coupon bonds*. Mr. Brewer has absolutely disregarded the table headings and the table contents. The tables on pages 87 and 103 refer to United States First 3½ per cent coupon bonds examined, sealed, recorded, and *delivered by the Register to the Division of Loans and Currency* during the fiscal years 1918 and 1919, respectively. Table 1 on page 12 refers to First 3½ per cent bonds, both registered and coupon, *issued or issuable to the public in exchange for interim certificates*. These are two different transactions, and therefore the tables on pages 87 and 103 of the Register's 1920 report are not comparable with the table on page 12 of the same report. The amount, \$1,515,539,150, appearing in Table 1 on page 12, includes the following:

3½ per cent coupon bonds issued in exchange for 3½ per cent full-paid interim certificates	\$1,269,159,400
3½ per cent registered bonds issued in exchange for 3½ per cent full-paid interim certificates	245,779,700
3½ per cent full-paid interim certificates issued and still outstanding	600,050
Total	\$1,515,539,150

In other words, the Register's report shows, on pages 87 and 103, that during the fiscal years 1918 and 1919 a total of \$1,514,300,000 in *coupon* First 3½'s were *examined, sealed, and recorded by the Office of the Register and delivered by that office to the Division of Loans and Currency*, and on page 12, that up to June 30, 1920, there had been *issued or were issuable to the public* \$1,515,539,150 in *coupon and registered definitive* First 3½'s. In view of the fact that the two sets of tables pertain to obviously dissimilar transactions, it is difficult to believe that Mr. Brewer's comparison thereof could have been due to an oversight.

170. Mr. Brewer states that no report was issued by the Register of the Treasury in 1918 or 1919, but that the reports for these two years were embodied in the annual report for the year 1920. Mr. Brewer suggests that the postponement of the Register's report during 1918 and 1919 was undoubtedly influenced by a desire to conceal the facts. This is manifestly false. He refers to McCarter's statement that it was the practice each year for a certain employee to assemble information for the annual report but that such employee was advised in 1918 that there would be no report for that year. During the period of the war many Government activities, as a matter of economy, suspended the issuance of any annual report. The magnitude of the Liberty Loan operations demanded that every available employee be assigned to the issuance and retirement of securities. Both detail and control records were maintained and every possible accounting safeguard was introduced, but it did not appear advisable to hamper the operations by collating data for an annual report. The Treasury recognized its paramount duty to be the delivery of the bonds. Accounts were carefully maintained, and reports from the Federal reserve banks, the Division of Loans and Currency, and the Register of the Treasury, covering issues and retirements of war-loan securities, were rigidly required.

It should be noted, moreover, that the examination of retired securities by the Division of Loans and Currency and the Office of the Register was considerably in arrears. The exchange of interim certificates of the First Liberty Loan, followed by heavy retirements on conversion, together with increased personnel requirements necessary in connection with the issue of Second 4's, Third 4½'s, Fourth 4½'s, and Victory notes, as well as the converted issues, rendered it impossible for the Department during the fiscal years 1918 and 1919 to reach a current basis in the audit and examination of retired securities. The Treasury was not able at all times to obtain sufficient clerical help, and even with the necessary force available it was not possible to secure adequate working space with proper safe-storage facilities. In 1920, when the abnormal conditions incident to the issue of the war loans had passed, the Register issued reports for the fiscal years 1918 and 1919, and, although printed in the same volume as the report for 1920, the report for each of these years is substantially the report which in ordinary course would have been currently issued.

171. Mr. Brewer refers to bonds of the \$50 denomination, Third Liberty Loan, with respect to which the Register's report of 1920 (p. 87) states that 12,504,000 pieces were delivered by the Register's office to the Division of Loans and Currency, and the Secretary's report for 1918 (p. 12) states that 13,943,649 pieces were delivered to subscribers. He admits that the Secretary's report was prepared as of October 15, 1918, and that the Register's report covered only the fiscal year 1918. He calls attention to the fact that the Register's report was not made until 1920, and inquires: "Why the difference in dates?" In explanation the Treasury calls attention to the fact that the table on page 12 of the Secretary's report is a statement of bonds delivered to subscribers for the Third Liberty Loan. It is a statistical table and covers deliveries to October 15, 1918. The items in the Register's report (p. 87) show pieces delivered to the Division of Loans and Currency during the fiscal year 1918. On page 103 of the same report of the Register will be found stated the number of pieces, 2,150,000, of the same denomination and issue delivered to Loans and Currency during the fiscal year 1919.

172. Mr. Brewer suggests the possibility of manipulating the Register's report for 1918, stating that ample time intervened between September 3, 1920, when Mr. McCarter wrote of the high-numbered bond (No. 7,979,985, referred to in paragraph 127 hereof), and September 30, 1920, when the 1918 report was prepared, to manipulate the report to conceal the higher number. And he further states that haste to publish the report would have been natural under the circumstances. Inasmuch as the Treasury has irrefutably disposed of Mr. McCarter's charges as to duplicate issues, the charge of manipulation is absurd. Mr. Brewer, however, is in error as regards the date of the 1918 report. The reports for 1918 and 1919 were, as a matter of fact, published at the same time as the publication of the 1920 report, but were prepared and submitted prior thereto. It was impracticable, because of the volume of business occasioned by the war, as previously stated, for the Register to collate the usual statistical tables covering transactions for those years. Accounts were maintained, but it was not possible to prepare the statistical tables within the time allotted, and the publication of the reports was omitted. On September 22, 1919, Secretary Glass directed the Register to prepare the delinquent reports. The report for 1918 was submitted to the Secretary under date of April 3, 1920, and the report for 1919 was submitted under date of April 6, 1920. Mr. Brewer suggests that they were prepared in connection with the 1920 report, following receipt of a communication from Mr. McCarter dated September 3, 1920. As a matter of fact their preparation was directed *a year before that date* and the reports were submitted *five months prior thereto*.

173. In his report of June 30, 1921, Mr. Brewer refers to the tables appearing on pages 87 and 103 of the Register's report for the fiscal years 1918 and 1919, respectively. These tables, as stated elsewhere herein, refer to United States coupon bonds examined, sealed, recorded, and delivered by the Register to the Division of Loans and Currency. The claim is made by Mr. Brewer that a similar table does not appear in the 1920 report. Attention is directed, first, to the statement by the Register of the Treasury on page 7 of his report for 1920, outlining the changes in organization effective January 6, 1920. Here the Register reports the discontinuance of the examination of unissued securities by the Office of the Register, and on page 22 of the same report he submits a table bearing the following title: "No. 3.—United States Securities prepared by the Bureau of Engraving and Printing and delivered to the Division of Loans and Currency for issue, as shown by accounts in the Office of the Register of the Treasury during the fiscal year ended June 30, 1920." Since deliveries to the Register were discontinued during the fiscal year the Register in any event could have furnished a table covering only a portion of the year, and accordingly the table in question was omitted from his report.

174. Mr. Brewer in his report of December 21, 1921, quotes from the report of the Register of the Treasury for 1920 regarding a change in the method of handling paid interest coupons, as follows:

Coupons are passed through an electric stamping machine, which stamps on the back of each coupon data previously entered in the numerical registers, namely * * * the coupons are filed in numerical sequence and are readily referred to for any information as to their payment. Upon approximate completion of the file, *the coupons are destroyed* after recordation is made of the missing numbers.

Mr. Brewer suggests that it is possible this language does not mean what it says. He states:

Briefly, this states that they print the record on the coupons and then destroy the record. The statement quoted from the annual report is difficult to understand, for as late as December, 1921, Mrs. Myrtle Small, who has charge of questioned records, supplied the information that about one thousand volumes of "Numerical Register" are in use in her division; that most of these registers carry 250,000 numbers; the first ones gotten out carry 150,000 and the last ones carry 500,000, and that these registers have been in use without intermission. The statement in the Register's Report of 1920, page 8, is not that they intend to supplant the Numerical Register, but that it has been supplanted, and the report continues to recite that there are ten electrical machines in operation and that the machines each stamp 50,000 coupons per day, "as many coupons as could be registered under the old system by 25 clerks."

The paragraph from the Register's report quoted above relates wholly to *interest coupons* and the numerical records thereof. Mrs. Small's statement refers to the numerical records of *bonds* and other securities representing *principal* of the public debt. These *bond* numericals have been maintained continuously since the beginning of the war loans, and the Treasury has no intention of discontinuing them and has made no statement to that effect.

175. As regards the *coupon* numericals, the facts are as follows: On December 11, 1919, the Register recommended a change in procedure, proposing that the entry of paid coupons in a register be discontinued and that in lieu of registration all coupons, after audit to clear the Treasurer's account, be thrown together in numerical sequence by loans and interest payment dates; that there be stamped on the back of each coupon in code the name of the paying agency, date of payment, and the account for which paid or canceled; that the coupons thereafter be filed in exact numerical sequence and retained for a period of two years, after which time they should be examined, an accurate list prepared showing the serial numbers of all coupons outstanding, and the coupons then on file destroyed. This recommendation was made, after due consideration on the part of the Treasury and expert advisers from outside the Department, as a practical means of solving the difficulties involved in handling the enormous

volume of coupons and in order to provide more effective cancellation. The plan was approved and put into effect, and the statement in the Register's report for 1920 that the coupon numericals were discontinued was correct. Later the matter was again given consideration. It was found that missing coupons for any given payment date were more numerous than had been anticipated. This, in very large part, was accounted for by coupons attached to canceled bonds and notes and surrendered for various accounts. These coupons attached to canceled bonds or notes, of course, did not reach the coupon files and largely augmented the number of missing coupons. In April, 1922, a new form of numerical register was adopted, and all unrecorded coupons on hand at the time the former registers were discontinued were recorded in the new records. This procedure has been followed with respect to all coupons received subsequent to that time.

176. The facts in the above connection could easily have been secured by Mr. Brewer. The matter of handling paid and canceled coupons has been one of the most difficult mechanical problems confronting the Department, and practically all those whose advice has been asked, including representatives of the Bureau of Efficiency, have recommended that no attempt at numerical assortment and recordation of the fact of payment be attempted, but that the Register's examination conclude with the audit for appropriate credit of coupons received from the Treasurer or from Federal reserve banks or the Division of Loans and Currency. In addition to the mechanical difficulties involved, the expense of assorting and recording these coupons was out of all proportion to the benefits which might possibly be derived. It is interesting to note that Congress has taken a similar view of the situation. In connection with the Treasury Department Appropriation Bill for the fiscal year 1925, the House Appropriations Committee recommended the elimination from the estimates for the Public Debt Service of the sum of \$234,000, which represented the estimated cost of this work for the fiscal year 1925, and in its report on the bill stated that such elimination indicated that a change should be made in the present method of handling interest coupons. The bill containing the reduced item has been approved and signed, and accordingly it will be necessary, beginning July 1, 1924, to discontinue the work of assorting and recording interest coupons.

It will be seen from the above that Mr. Brewer's charge that officials of the Treasury deliberately attempted to conceal the facts regarding fraudulent duplications or overissues by "manipulating" the annual reports of the Register of the Treasury is false. It has been shown that Mr. Brewer has misinterpreted the table headings and has disregarded the table contents; it has been shown that he neglected to mention the issuance of nearly two billion dollars in interim certificates and by such omission attempted to show "manipulation"; it has been shown that he did not differentiate between securities delivered by the Bureau of Engraving and Printing to the Division of Loans and Currency and securities delivered to subscribers; it has been shown that the figures have not been manipulated; and it has been shown that the postponement of the 1918 and 1919 reports of the Register was fully justified and could not possibly be traced to an ulterior motive on the part of the officials concerned, and that, contrary to Mr. Brewer's suggestion that the reports were manipulated after the receipt of Mr. McCarter's letter, such reports were prepared and submitted five months before the date of Mr. McCarter's letter.

DESTRUCTION OF PUBLIC DEBT SECURITIES.

In support of the charge that officials of the Treasury Department have suppressed information concerning fraudulent duplications or overissues, Mr. Brewer further alleges that retired securities were destroyed in order that proof of such duplications might not be available, and that such destruction was made without authority and in defiance of the President's expressed orders.

177. In considering the matter of destruction of public debt securities, it is necessary to differentiate between the different classes, as follows:

(a) **Imperfect Paper.**—Interest-bearing securities of the United States are printed on distinctive paper, manufactured under contract under constant Government supervision. In the course of manufacture at the mill imperfect paper will appear. All such imperfect paper is delivered to the United States superintendent, under whose supervision it is counted by Treasury employees, and subsequently in his presence cut into strips. Thereafter the strips are macerated to form new pulp. All transactions are reported to the Treasury.

(b) **Imperfect Printing.**—In the various stages of printing at the Bureau of Engraving and Printing imperfect or mutilated work will appear. Any such imperfect or mutilated work is canceled, scheduled, and delivered by the Bureau to the Division of Paper Custody for count, examination, and credit, and delivery to the Destruction Committee. The Destruction Committee supervises the cutting of such mutilated work into sizes appropriate for maceration, and subsequently attends to the maceration, making certification thereof.

(c) **Unissued Securities in Reserve.**—Perfect work is delivered by the Bureau to the Division of Loans and Currency. Upon receipt it is subject to count and critical examination to determine (1) the correctness of the delivery by kind, denomination, and number of pieces, and (2) the correctness of each piece as to perfect printing. Imperfect pieces are canceled and returned to the Bureau for replacements, and in the Bureau subsequently are treated as mutilated work. The perfect securities are held by the Division of Loans and Currency for issue (a) against payments into the Treasury, or (b) on exchange, transfer, or conversion against the surrender of an equal face amount of other securities. Securities held in reserve before actual issue do not represent debt. From time to time such unissued stock may become obsolete or may be found to be in excess of requirements, and in such cases any such stock securities are canceled, recorded, scheduled, and delivered to the Register of the Treasury for audit and disposition. In usual course such unissued stocks are destroyed. The principle of destruction of such obsolete or excess unissued stocks has always been followed by the Department, though the actual procedure has varied from time to time. The procedure set forth above has been followed since the organization of the Public Debt Service in 1920, except with respect to the destruction of a considerable stock of temporary Liberty bonds which was on hand in the Division of Loans and Currency as reserve unissued stock and was no longer required for issue on any public debt transaction. For the final examination of these bonds the facilities of the Division of Paper Custody were availed of. The examination was made in the presence of a representative of the Register of the Treasury, and in his presence the securities were cut into strips and delivered to the Destruction Committee.

(d) **Issued Securities Paid.**—Original issues of public debt securities are made against payments into the Treasury. Public debt securities so issued and outstanding represent the principal of the debt. The amount issued must equal, but may not exceed, the amount paid into the Treasury. After original issue such securities may be surrendered for the issue of an equal par amount of other securities on authorized transactions, as described in the next follow-

ing paragraph. Such transactions may change the *character* of the debt, but they do not affect the amount outstanding. The surrendered securities no longer represent debt; the new securities issued in replacement do represent debt. Finally the securities outstanding are paid or redeemed, either at maturity or through purchase or otherwise. The securities surrendered for payment or redemption are received by the Treasurer of the United States, and for the first time since the original issue of the securities the money accounts of the Government are affected. The paid or redeemed securities after receipt by the Treasurer are canceled, scheduled, and forwarded to the Register of the Treasury for audit, recordation, and certification. On the basis of the Register's certification the Comptroller General of the United States allows credit to the Treasurer of the United States. In addition to the audit and certification for the purpose of giving credit in the Treasurer's account, the securities are checked against the numerical records through the medium of the schedule of serial numbers, the securities themselves being checked against the schedules. Thereafter the securities are consigned to the files. This is the present routine. Until destruction was discontinued in April, 1922, these securities were from time to time delivered from the files to the Destruction Division for an additional and final audit and examination, and thereafter were delivered to the Destruction Committee for maceration. This class of surrendered securities is ordinarily referred to as "paid securities."

(e) **Issued Securities Canceled Against Other Securities Issued.**—In the next preceding paragraph reference is made to the surrender of securities outstanding for the issue of an equal par amount of other securities on authorized transactions. Such authorized transactions include exchanges of denominations, interchanges of registered and coupon bonds, transfers of registered bonds, exchanges of interim certificates and temporary bonds for permanent bonds, and conversions. These transactions may continue during the life of a loan and form by far the largest part of public debt transactions. For example, in connection with the five Liberty Loans between the time of the first issue in 1917 and June 30, 1922, 112,597,875 pieces, of an aggregate par amount of \$26,953,166,650, were surrendered for reissue, and during the same period 3,284,366 pieces, of an aggregate par amount of \$4,345,519,350, were surrendered for actual retirement. Securities surrendered and canceled against another issue without debt retirement are ordinarily referred to as "canceled securities." Such "canceled securities" are delivered to the Register of the Treasury by the Division of Loans and Currency or by the Federal reserve banks. The methods of audit, examination, and recordation by the Register are similar to those employed in the retirement of "paid securities." Credits, however, are given to appropriate stock accounts, the money accounts of the Government not being involved. Until destruction was discontinued in 1922, it was the practice of the Department to proceed with the destruction of these canceled securities after final audit by the Destruction Division, the same procedure being in effect as prescribed for paid securities.

AUTHORITY TO DESTROY PUBLIC DEBT SECURITIES.

From the foregoing it will appear there are five definite classes of securities paper or securities subject to destruction, namely:

1. Imperfect paper—Mill product.
2. Imperfect or mutilated work—Bureau product.
3. Unissued stocks of securities.
4. Paid securities.
5. Canceled securities.

Imperfect Paper.

178. Imperfect paper, by the terms of the contract between the manufacturer and the Government, must be accounted for and destroyed. Section 11 of the specifications made a part of the contract for 1924 provides:

The contractor will be required to attach to the paper-making machines registers for the purpose of recording all the paper made, same to be under the control of the agent of the Secretary of the Treasury, and the contractor will be required to turn over to such agent at the mill all broken or rejected paper which, after the same has been counted and compared with the registers, shall be destroyed by maceration in the presence of such agent.

Similar provisions appear in contracts for prior years, and the procedure indicated has been enforced.

Imperfect or Mutilated Work.

179. Imperfect or mutilated work, the product of the Bureau of Engraving and Printing, is of the nature of waste paper, but because of the character of the paper itself and the further fact that the printed impressions thereon may be more or less complete, essential safeguards are provided to surround the destruction thereof. Such imperfect work is counted, canceled, scheduled, and certified by the Bureau and delivered to the Division of Paper Custody, where it is counted, verified, and delivered to the Destruction Committee. This or substantially similar procedure has been in effect since the Bureau was established; and even prior to the establishment of the Bureau, when securities were printed under contract, provision was made for the destruction of mutilated work. In connection with each public debt offering the Secretary of the Treasury is given authority, usually in general terms, to prepare, issue, and redeem securities subject to such terms as he may prescribe. The appropriate disposition through destruction of imperfect or mutilated work is inherent in the authorization. Mr. Brewer states "the records of destroyed mutilated securities are also in the Division of Loans and Currency." This is not true. Such records are maintained by the Bureau of Engraving and Printing, by the Division of Paper Custody, and by the Destruction Committee. The Division of Paper Custody was formerly a section of the Division of Loans and Currency, but in its work it operated independently of any other work or unit or section of the Division.

Unissued Stocks.

180. Apparently it has always been the practice of the Department to destroy unissued stocks no longer required for issue. The Register, in his report for 1865 (p. 102 of the finance report for that year), states:

There has also been counted and destroyed a large amount of surplus bonds, notes, and fractional currency, never issued by the Department.

The Treasurer states in his report for 1869 (p. 260 of the finance report for that year):

Whenever, for any reason, it becomes necessary that any bonds, notes, stamps, or other papers be destroyed that would be of value if issued, but that have not been covered into the treasury, or in any way used, and that are not required for present or to be kept for future use, their destruction takes place, not as money of account, or as being of any money value; and they are, therefore, not destroyed as such, but a mere statistical account is kept of such destruction. So, too, United States bonds that have been used, but that have been returned, and for which new ones have been issued in exchange, on transfers of stocks, or otherwise, as they no longer represent any value, are in like manner destroyed "statistically."

Then follows a table indicating in detail all bonds, notes, stamps, etc., so destroyed since the commencement of the Civil War in 1861, up to and including June 30, 1869. It should be noted that the Treasurer refers not only to unissued stocks but also to used and returned bonds. Various references to such destructions appear in subsequent reports.

181. In 1886 a committee appointed to examine the contents of the bond vault and safes in the Office of the Register of the Treasury recommended the destruction of certain excess stocks of bonds. There were two classes—first, bonds not completely prepared for issue, and, second, bonds completely prepared for issue but found to be in excess of requirements. The Solicitor of the Treasury held that the former class might be destroyed but that the latter class might not be. The subject of the destruction of excess stocks was again presented to the Solicitor of the Treasury, and in his opinion of June 9, 1888, he completely sustained the authority to destroy, holding as follows:

* * * I can draw no implication from the fact that Congress did not also provide for the destruction of the surplus of printed bonds not issued by the United States. These bonds were not in legal effect, and within the definition of the Statutes, securities of the United States. The Revised Statutes define United States securities to mean all bonds, etc., which have been or may be issued under any act of Congress. No inference can be drawn, I think, from the fact that Congress directed the destruction of certain redeemed securities and failed to direct the destruction of what it did not authorize to be issued. Congress might have seen fit to direct by special mandate of law this destruction as an extreme precaution but it does not follow that any authority or direction was necessary or was required. According to the strict letter of the authority given for their issue, there should have been no surplus printed. That it was so was only to provide against a demand that could not be estimated to a certainty. *More having been printed than was required to meet the provision as to their issue, it seems to me that the excess should be destroyed. They are of no appreciable value to the United States. They are in fact only waste paper. Their custody by the Department is an ever constant risk and menace to the Treasury, and ordinary precaution and sound wisdom suggest the propriety and even the necessity of their destruction under the usual and proper safeguards.*

I can see no legal or other objection to such a course.

182. It is apparent that the retention of such unissued stocks, when no longer required for use, could serve no useful purpose. At the same time, common prudence would indicate the desirability of destroying any such securities, that they might not by any chance be put to fraudulent use. The matter, so far as known, has not been the subject of specific legislation but is amply covered by the general authority given to the Secretary of the Treasury by Section 251 of the Revised Statutes, hereinafter quoted. As pointed out above, the practice is definitely of over 50 years' standing, and has been adhered to through subsequent administrations, actual destruction taking place under appropriate safeguards after cancellation and recordation.

183. Public debt securities, after cancellation and recordation, have been destroyed under the general authority of the Secretary of the Treasury, under proper regulations safeguarding the Government's interests. There is no law forbidding destruction; on the other hand, Congress has in the past specifically directed destruction.

Section 251 of the Revised Statutes provides as follows:

The Secretary of the Treasury shall make and issue from time to time such instructions and regulations to the several collectors, receivers, depositaries, officers, and others who may receive Treasury notes, United States notes, or other securities of the United States, or who may be in any way engaged or employed in the preparation and issue of the same, as he shall deem best calculated to promote the public convenience and security, and to protect the United States, as well as individuals, from fraud and loss; * * *.

This section does not specifically mention the destruction of securities, but "to protect the United States, as well as individuals, from fraud and loss" destruction was, and is, deemed necessary, for the reason that large accumulations of securities prove a constant menace and afford opportunity for thefts. This is further covered in paragraph 191 hereof.

Paid Securities.

184. The destruction of paid securities has on at least two occasions been directed by law. The act approved March 3, 1817 (3 Stat. 379), entitled "An act to provide for the redemption of the public debt," provided in Section 6:

That all certificates of public debt which, by payment or purchase, have become, or hereafter shall become, the property of the United States, shall be cancelled or destroyed, at such times and under such regulations and securities, as the commissioners of the sinking fund, with the approbation of the President, shall establish and determine. And no interest shall be considered as accruing, and no further payment shall be made, on account of such debt, the certificates of which have been so cancelled and destroyed.

185. The duties of the sinking fund commissioners terminated in accordance with the provisions of the act approved July 4, 1836 (5 Stat. 112), their duties being transferred to the Secretary of the Treasury. Section 10 of this act provides:

That the duties and powers of the commissioners of the sinking fund are hereby suspended until revived by law, and that the records of the commissioners be transferred to the custody of the Secretary of the Treasury, who is hereby authorized and directed to pay out of any money in the Treasury not otherwise appropriated any outstanding debts of the United States and the interest thereon.

186. The next provision of law is found in the act approved July 14, 1870 (16 Stat. 272), entitled "An act to authorize the refunding of the national debt." Section 6 of this act provides:

And be it further enacted, That the United States bonds purchased and now held in the treasury in accordance with the provisions relating to a sinking fund, of section five of the act entitled "an act to authorize the issue of United States notes, and for the redemption or funding thereof, and for funding the floating debt of the United States," approved February twenty-fifth, eighteen hundred and sixty-two, and all other United States bonds which have been purchased by the Secretary of the Treasury with surplus funds in the treasury, and now held in the treasury of the United States, shall be cancelled and destroyed, a detailed record of such bonds so cancelled and destroyed to be first made in the books of the Treasury Department. Any bonds hereafter applied to said sinking fund, and all other United States bonds redeemed or paid hereafter by the United States, shall also in like manner be recorded, cancelled and destroyed, and the amount of the bonds of each class that have been cancelled and destroyed shall be deducted respectively from the amount of each class of the outstanding debt of the United States. * * *

187. The above quoted provision of law was later embodied in the Revised Statutes as Section 3695, as follows:

All bonds applied to the sinking-fund, and all other United States bonds redeemed or paid by the United States, shall be canceled and destroyed. A detailed record of the bonds so canceled and destroyed shall be first made in the books of the Treasury Department. The amount of the bonds of each class that have been canceled and destroyed shall be deducted respectively from the amount of each class of the outstanding debt of the United States.

188. It should be noted that these acts of March 3, 1817, and July 14, 1870, relate specifically to the redemption or refunding of the public debt, and that the sections quoted refer to certificates or bonds acquired by purchase or redemption. Apparently Congress was of the opinion that if bonds were purchased or redeemed, effective measures should be taken to insure that such bonds should not by any chance be reissued, and that the public debt represented by such securities should be permanently retired.

189. Section 6(a) of the Victory Liberty Loan Act, approved March 3, 1919, establishes a new cumulative sinking fund to provide for the extinction of the new war debt. The old sinking fund, having been impossible of execution and having become obsolete, was simultaneously repealed by Section 6(b) of the act just referred to. In making such repeal, reference was made to the specific provisions of the Statutes governing the old sinking fund. Included in the repeal

is that of Section 3695 of the Revised Statutes, above quoted, which authorized the destruction of securities retired by means of the sinking fund. It is true that this section also authorized the destruction of other securities retired through payment, but everything in the history of the Victory Liberty Loan Act indicates that the repeal was directed at the old sinking fund and not at the authority for the destruction of public debt securities. This is the natural construction of the Act, and it is manifest from the record at the time that the repeal was directed at the old sinking fund authority and was not intended to cast any doubts on the general authority of the Secretary of the Treasury to provide for the destruction of public debt securities under proper regulations in accordance with the general authority provided by Section 251 of the Revised Statutes, previously quoted and discussed.

190. Apparently Secretary Chase, during the Civil War, was confronted with the same problem of disposition of retired public debt securities, for on March 1, 1864, in prescribing rules and regulations governing destruction, he stated:

To secure safety to the Treasury in the withdrawal from circulation and the destruction for any reason of United States bonds, United States notes, fractional currency or other obligations of the United States, the following rules and regulations are hereby established for delivering, counting and destroying such bonds, notes, fractional currency and other obligations, and for the perpetuation of the evidence relating thereto.

Canceled Securities.

191. The destruction of "canceled securities," defined as those issued and subsequently retired on exchange or otherwise without affecting the amount of debt outstanding, has not at any time specifically been the subject of legislation. The difference between securities of this class and "paid securities" was pointed out by the Treasurer in 1869. The bulk of public debt securities received by the Treasury, particularly since the beginning of the war in 1917, is of this class. The destruction of these securities has been directed under general authority to conduct the public debt business and to safeguard the United States and individuals, as provided in Section 251, Revised Statutes, previously quoted and discussed. While it is necessary in accounts to differentiate between "paid securities" and "canceled securities," because the former affect the accounts of the Treasurer of the United States and the latter do not, procedure in the matter of accounting, examination, recordation, and disposition has been essentially the same after receipt by the Register.

192. In making provisions for the destruction of such securities arising through the war debt the Treasury was proceeding along well established lines, the only difference being that the accumulation of securities since the beginning of the war far exceeded anything with which the Department previously had to deal. The facilities of the Department for the safekeeping of surrendered securities were taxed to the utmost; as a matter of fact, it was impossible to provide sufficient space, with adequate protection, for the storage of these securities. Frequent offerings of new issues, the privilege of converting securities bearing one interest rate into securities bearing a higher or lower rate, the necessity for issuing interim certificates for the first loan and temporary coupon bonds for the subsequent three loans and for the four converted issues which later had to be exchanged for permanent bonds, the privilege accorded holders to interchange coupon and registered bonds and to exchange denominations of coupon bonds, all added to the turnover and produced an enormous volume of transactions, with resulting retirements of scores of millions of pieces.

193. During the war period, and since, the surrender of war savings securities for exchange or redemption added greatly to the burden of the Department. No special reference to these securities has been made in the foregoing outline of destruction operations, but these securities represented a very important item. Thrift cards with 25-cent thrift stamps affixed, Treasury

savings cards with \$1 Treasury savings stamps affixed, and war savings certificates with \$5 war savings stamps affixed, were surrendered by millions of pieces for credit to exchange accounts or for payment. The bulk was enormous and it was not possible to store these securities indefinitely. After audit and recordation they were destroyed, except that the registered certificates were retained. Destruction of war savings certificates, however, was suspended in April, 1922, but was resumed in May, 1923, with the express authority of the President.

DESTRUCTION PROCEDURE.

194. The necessity for destroying retired obligations of the United States, including paper currency and public debt issues, arose during the Civil War, and the procedure then inaugurated, with modification from time to time, has since been in effect. The first regulations governing such destructions were issued by Secretary Chase on March 1, 1864. Because of changes in the Department's business through the years modifications of procedure were necessary from time to time, but the old regulations were not, as a matter of fact, revised until June 30, 1915, when new regulations were promulgated by Secretary McAdoo. The war greatly increased the volume of business handled by the Department, greatly increased the volume of destructions, and greatly increased the importance of the Destruction Committee. To make more definite the responsibility of the Destruction Committee and to insure greater efficiency, the regulations of June 30, 1915, were amended and supplemented by Secretary Houston on July 6, 1920. The regulations of June 30, 1915, as amended and supplemented on July 6, 1920, continue in effect. The three sets of regulations above referred to will be found in Exhibit F hereof. The policy and practice followed in the destruction of securities is of long standing, and has consistently been regarded as necessary for the protection of the Government's own interests, and the charge that destruction was resorted to for the purpose of removing "evidence" of fraudulent overissues is absurd and false.

CERTIFICATION BY DESTRUCTION COMMITTEE.

195. Mr. Brewer claims that the schedules listing securities destroyed bore a certification of the Destruction Committee to the effect that the Committee had *counted* the securities listed, although certain members of the Committee afterwards admitted to Mr. Brewer that they had never opened the packages. Members of the Destruction Committee *do not* count the securities which are delivered to them for destruction, nor has the language of the certificate form, in use by the Treasury for the past twenty years, contained any indication that the securities were *counted* by the Committee. Attention is directed to paragraph 8 of the regulations, effective July 6, 1920, governing the Destruction Committee:

* * * * *

PAR. 8. The various bureaus and offices concerned, before turning over securities, etc., to the Committee for destruction, shall carefully count, schedule and certify the same, and said schedules shall set forth the number of packages in which the securities, etc., covered by the schedule, are contained, together with a description thereof, including the number of pieces of each denomination and the par amount thereof. The Destruction Committee shall verify the number and description of the packages called for by the schedule and shall be responsible for the thorough and complete destruction of the securities, etc., so received.

196. It will be noted that the securities are counted by *the various bureaus and offices concerned*, and not by the Destruction Committee, and that the schedules are certified by representatives of such bureaus and offices. The Destruction Committee merely verifies the number and description of the packages called for by the schedules and is responsible for the complete

destruction of the securities. The following is substantially the form of certificate given by the Destruction Committee on schedules of destruction covering the Liberty Loan issues:

**TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY.
COMMISSIONER OF THE PUBLIC DEBT.**

We hereby certify that all the United States securities, specified and described in the foregoing schedule, were this day totally destroyed in accordance with the regulations of the Treasury Department.

_____(Chairman),

Committee on Destruction of United States Securities.

197. Mr. Brewer submits, as Exhibits 15 and 16, copies of affidavits with reference to the counting of interest coupons prior to their delivery to the Destruction Committee.

The affidavit of A. J. Leakin, an employee of the Register's office, is as follows:

Coupons clipped from United States Loans, ready for destruction, are *counted* and strapped in packages of a thousand, and delivered to Mr. John H. Bittenbender, a member of the Destruction Committee, and to my knowledge are checked off and destroyed by a count of the packages, only.

The affidavit of Mrs. R. L. Miner, also an employee of the Register's office, is as follows:

Coupons clipped from United States Loans, ready for destruction, are *counted* and strapped in packages of a thousand, and delivered to a Destruction Committee, and to my knowledge are checked off and destroyed by a count of the packages, only.

The foregoing affidavits executed by employees of the Register's office do not fully cover the procedure. Prior to delivery to the Destruction Division, the interest coupons were examined, and the missing numbers (coupons which had not been paid) were recorded. Under the supervision of employees of the Destruction Division, the coupons were counted and placed in packages of 1,000, and were checked and verified by the latter Division before delivery to the Destruction Committee for actual destruction. The Destruction Committee *did not* count the coupons, but counted the number of *packages* and verified the aggregate of packages with the schedule. It should be noted, also, that the Destruction Committee is not a part of the Destruction Division.

RETENTION OF SPECIMEN CERTIFICATES OF INDEBTEDNESS.

198. Mr. Brewer refers to certain certificates of indebtedness withdrawn from destruction for use as specimens. The destruction record, he states, shows these certificates to have been destroyed in 1918, yet about \$1,600,000 were received by the Register from the Commissioner of the Public Debt several years after the alleged destruction. In illustrating this alleged irregularity Mr. Brewer produces destruction sheets certified by the Destruction Committee and including the identical certificates which he found had not been destroyed. Mr. Brewer did not produce—although they were available—supplemental sheets which were attached to the destruction schedules, fully explaining that five certificates of each denomination were withheld from destruction and retained by the Division of Loans and Currency for use as specimens. Copies of the destruction records and of the supplemental schedules are submitted herewith as Exhibit G. It will be observed that the identical certificates which Mr. Brewer has exhibited as proof of his charges are listed on these supplemental schedules. The listing of these certificates on a destruction schedule and their subsequent withdrawal for specimen purposes, was known as a "statistical destruction," for the purpose of clearing the stock account.

There was nothing irregular in the transaction, the specimens withdrawn being duly canceled and stamped as such, the Treasury merely adopting this method of securing specimen certificates. The official record made in this case shows the care exercised by the Department.

199. The certificates in question all pertain to issues made in 1917. Beginning with the issue of November 30, 1917, the Department secured specimens of each issue of certificates at the time of issue by withdrawal from unissued stock, so that the latter when no longer required and scheduled for destruction represented a net figure. This practice not having been followed with respect to earlier issues made in 1917, and it being desired to complete the Department's file, five specimens of each of the desired certificates were withdrawn from excess stocks after they had been scheduled for destruction in 1918. The certificates of indebtedness which Mr. Brewer has in his possession were among those delivered to the Register of the Treasury by the Commissioner of the Public Debt in June, 1922. Delivery to the Register was occasioned by a decision to reduce the number of specimen certificates from five to one, the surplus of four certificates of each issue being delivered to the Register for disposition. Moreover, the certificates in question were *canceled*, were withdrawn from unissued stock which had never formed a part of the public debt, and pertained to issues which had long since matured. These facts are all known to Mr. Brewer, and have been known to him for nearly a year and a half. (See paragraph 126). The fact that he reiterates his charges about them though knowing their falsity sufficiently indicates the attitude of mind which has pervaded his whole inquiry. Primarily Mr. Brewer has not been interested in the truth, but rather in suppressing or ignoring all known or ascertainable facts inconsistent with his charges.

SUSPENSION OF DESTRUCTION.

200. Mr. Brewer's several reports contain statements to the effect that the Treasury continued to destroy securities notwithstanding orders issued by the President of the United States directing that such destruction be suspended. Mr. Brewer states that the Secretary of the Treasury had promised on June 27, 1921, to direct the immediate suspension of destruction; that under date of December 19, 1921, the President addressed a letter to the Secretary of the Treasury directing that destruction be suspended; that notwithstanding the orders of the President, destruction still continued, and that it was not until after April 10, 1922, on which date the matter was again brought to the attention of the President, that the Treasury actually suspended destruction. Mr. Brewer further states that "the continued destruction of bonds since June 27, 1921, when the Secretary personally promised it would be stopped immediately was part of a deliberate plan on the part of some person or persons for purposes against the interest of the United States."

201. Mr. Brewer's charges are utterly false in every respect. The fact is that the instructions of the President of the United States were followed strictly at every point, and there was never any destruction in violation thereof. It is true that during the latter part of June, 1921, Mr. Brewer personally called on the Secretary of the Treasury and urgently suggested, among other things, that destruction be suspended. There were not at that time, however, any orders or instructions of any kind from the President on the subject of destruction, and the Secretary of the Treasury did not agree with Mr. Brewer that destruction should be stopped nor did he issue any such instructions himself. Accordingly, the destruction of securities continued in regular course. The records of the Treasury fail to show anything further regarding the discontinuance of destruction until December, 1921, when the question again arose.

202. On December 20, 1921, the Undersecretary of the Treasury addressed a memorandum to the Secretary covering the general subject of destruction and pointing out the danger of suspending

destruction even for a limited period. It was stated in this memorandum that "the accumulation of retired bearer securities in the Department, even though canceled, is a constant menace, and instead of being suspended the work should be carried forward in an orderly manner and established as soon as possible on a current basis." The matter was then discussed at a personal conference between the Secretary of the Treasury and the President, and the latter gave his express consent to the continuance of destruction, on the understanding that irregular cases would not be destroyed but would be held in a special file. (Irregular cases include lots from which securities are missing or in which other discrepancies are indicated.) Destruction continued on this basis until April, 1922, when the matter was again referred to the Secretary by the President. After a personal conference with the President it was decided to let examination and destruction proceed until further notice. This conference was held on April 12, 1922. Later in the month the President decided to suspend all destruction, and directed the Secretary of the Treasury to issue orders to this effect. The orders were issued on April 22, 1922, and were promptly placed in effect by the Commissioner of the Public Debt. The suspension continued until the spring of 1923, when the accumulation of securities in the Register's office became so large that it appeared necessary to secure the President's permission to resume destruction. After several conferences, the President approved the resumption of the destruction of *war savings certificates*, but asked that the suspension continue as to other securities until further notice. The President's authorization as to war savings certificates was conveyed to the Register of the Treasury on May 11, 1923.

203. From the foregoing it will be noted that the President's instructions at all times were carried out and that there was no destruction of securities in violation of them. There is, therefore, not the slightest basis for Mr. Brewer's insinuation that destruction proceeded in defiance of the President. His charges in this respect probably arose from misunderstanding as to how the situation stood as between the President of the United States and the Secretary of the Treasury, for Mr. Brewer was not present at the Secretary's conferences with the President, and, not knowing what actually were the President's instructions, presumably reached the general conclusion that the President was acting entirely upon his (Brewer's) own recommendations and never accepting the Secretary's recommendations for continuing destruction.

It will be seen from the above that Mr. Brewer's charges that retired securities were destroyed in order that proof of duplications might not be available, and that securities were destroyed without authority or in defiance of President Harding's expressed orders, are not supported by the facts. It has been shown that there was ample authority for the destruction both of unissued reserve stocks of securities and of securities retired upon exchange or payment; it has been shown that there was no defiance of President Harding's expressed orders with respect to destruction; and it has been shown that there has been no evidence submitted which indicates an effort on the part of officials of the Treasury Department to suppress the facts regarding duplicate numbered securities by the destruction of retired securities. Furthermore, it has been shown that in Mr. Brewer's report of January 15, 1924, he has reiterated his former charge of irregularity with respect to the withdrawal of certain certificates of indebtedness from destruction, notwithstanding the fact that in 1922 it had been made clear to him that there was nothing irregular in connection with the retention of these certificates as specimens.

CHANGES IN PROCEDURE AND PERSONNEL.

In support of the charge that officials of the Treasury Department have suppressed information concerning fraudulent duplications or overissues, Mr. Brewer further attempts to show that changes in the procedure and personnel within the Public Debt Service were made for the purpose of suppressing evidence of fraud.

204. Mr. Brewer charges that certain changes in the personnel of the Public Debt Service were probably made for the purpose of suppressing information with respect to the fraudulent overissue of securities. He refers to the organization of the Public Debt Service in 1920 under which the office of the Commissioner of the Public Debt was created. This organization is described on page 240 of the annual report of the Secretary of the Treasury for the fiscal year 1920, as follows:

COMMISSIONER OF THE PUBLIC DEBT.

In the very beginning of the war the Secretary of the Treasury realized that the public-debt operations of the Government would be of such magnitude that it would be utterly impossible to handle the entire matter from Washington. It was necessary that the machinery be decentralized as far as practicable. To prevent inevitable congestion in the Treasury the 12 Federal reserve banks, as fiscal agents of the Government, were made the headquarters of their respective districts for the handling of subscriptions to the several loans, the delivery of securities against payments, and the conduct of transactions in securities subsequent to their original delivery. Each bank constructed the requisite machinery to handle these operations throughout its district. This use of the Federal reserve banks as fiscal agents removed from the Treasury direct connection with original subscriptions, changed the procedure with respect to subsequent transactions, and eliminated much of the established routine. An effective field machinery to conduct these operations was thus created.

After the completion of the Victory Liberty loan, the last of the great popular war loans, the department gave its attention to the perfection of the permanent organization in Washington to handle transactions in the public debt. The branches of the Treasury immediately concerned in the issue, exchange, conversion, and redemption of Government securities and the payment of interest, together with the large bookkeeping operations connected with these activities, are the Division of Loans and Currency and the Office of the Register. The war has thrown a great burden upon these agencies. The public debt has increased from the neighborhood of \$1,000,000,000 to more than \$24,000,000,000, and at one period during the war it exceeded \$26,000,000,000. The number of employees in the Division of Loans and Currency before the war was 84; the number on September 30, 1920, was 2,275. The number of employees in the Register's Office before the war was 21; the number on September 30, 1920, was 962. The increase in the public debt and the increase in the personnel serve to indicate the growth of the undertaking and the magnitude of the work involved.

The two offices mentioned, by mutual agreement and with the Secretary's approval, had consolidated much procedure and eliminated much duplication during the war. The Division of Loans and Currency controlled the issues of securities, although their distribution to subscribers and many subsequent transactions were made at the Federal reserve banks. Retired securities were received by the division and subjected to examination before being delivered to the register. A section of accounts in the division reflected the transactions in the public debt. The register's contact with transactions was remote, but canceled securities finally reached him. It was clear that the existing organization could not continue permanently.

To insure appropriate controls over issues and retirements, to avoid duplication in effort, and to provide for proper administration of the public-debt service the office of Commissioner of the Public Debt was created and a commissioner appointed in November, 1919. He was given administrative supervision, under the general direction of the Fiscal Assistant Secretary, of all transactions affecting the public debt. He was charged with the coordination and supervision of the Division of Loans and Currency, the Office of the Register of the Treasury, and the Division of Public Debt Accounts and Audit, which was created in January, 1920, as a result of this reorganization. Subsequently the audit section of the Division of Loans and Currency was transferred to and consolidated with the register's office. The unit in the register's office conducting the examination of registered bonds and notes issued by the Division of Loans and Currency was transferred to the Division of Loans and Currency and established as a final examination unit. The same check over registered issues remains.

The Division of Loans and Currency is now charged with all issues of securities, whether against paid subscriptions or against other securities surrendered. The Register of the Treasury is charged with the receipt from the Division of Loans and Currency, the Federal reserve banks, the Treasurer of the United States, and the Postmaster General of all securities canceled for any purpose whatever. The Division of Public Debt Accounts and Audit is charged with the controlling accounts of all public-debt transactions performed by the Division of Loans and Currency, the Register of the Treasury, and the Federal reserve banks, as well as those performed by the Treasurer of the United States and the Postmaster General. An administrative audit has been established under the Commissioner of the Public Debt to insure accuracy of operations and the proper accounting for securities.

A complete organization has thus been erected with proper checks and safeguards in the Division of Loans and Currency for handling issues, maintaining registered accounts, and paying the interest thereon; in the office of the register for receiving and verifying paid and otherwise canceled securities, including interest coupons; and in the Division of Public Debt Accounts and Audit for recording public-debt transactions and bringing the various operating agencies into proper relation.

This new plan of organization has resulted in economy and in increasing the efficiency of the services concerned. The Commissioner of the Public Debt, by having supervision over these related activities, has eliminated much duplication of work in the public-debt transactions. To insure the permanence of this reorganization of the public-debt work the office of the Register of the Treasury, now established by law as a bureau, should be changed to a division in the Secretary's office. The annual estimates submitted for the next fiscal year contemplate the continuance of this new plan to meet greatly increased duties and responsibilities. It is hoped that it will receive the sanction of the Congress.

205. In his several reports Mr. Brewer names certain employees of the Public Debt Service who were either transferred or required to resign. It is not deemed appropriate to take up these specific cases, it being sufficient to state that the files of the Department disclose the facts in each case. Some of these changes were made merely to eliminate friction within the various units, and in these instances no reflection upon the integrity of the employees can possibly be inferred. As in all large organizations, especially during the period of the war, certain employees were assigned supervisory duties and subsequently proved to be unfitted for such duties; and wherever this situation hampered the work the employee was assigned other duties. As to the resignation of Mr. J. W. McCarter, Assistant Register of the Treasury, the facts have already been given in Secretary Houston's letter of September 28, 1920, and in my letter of February 13, 1924.

206. Mr. Brewer refers to certain changes made in the personnel of those divisions and offices of the Treasury engaged in the handling of public debt securities, and he insinuates that the appointment of certain men to direct the respective operating units may be regarded as suspicious. It need only be stated that the men selected to direct the various units of the Public Debt Service were selected only because of their known experience and training, and that Mr. Brewer has presented no facts which support his insinuation.

207. In his report of December 21, 1921, Mr. Brewer refers to Mr. McCarter's statement that an engraved facsimile signature of the Register of the Treasury in lieu of an autograph signature was agreed to by him (McCarter) with Mr. Broughton, in connection with the Liberty Loans, with the stipulation that the count of the securities by both offices, that is, by the Division of Loans and Currency and the Office of the Register of the Treasury, would be rigidly enforced, but that after making the change in the form of signature the double count was abolished. He implies that McCarter would not have agreed to the abandoning of autograph signatures if any change in the methods of examination had been contemplated.

208. The organization of the Public Debt Service, as a result of which the examination of securities prior to issue was discontinued in the Office of the Register, was authorized January 6, 1920. The reasons for a change in the examining procedure are set forth in paragraph 204 hereof. With the exception of the higher denominations of registered securities of the 3½ per cent First Liberty Loan, all of the war-loan issues bore the engraved facsimile signature of the Register. In other words, all coupon bonds of the First Liberty Loan, and all bonds and notes, both registered and coupon, of the Second, Third, Fourth, and Victory Loans, including the converted issues, bore the engraved faesimile and not the autograph signature of the Register; and the only change in this connection which took place after the organization of the Public Debt Service in 1920 was the discontinuance of autograph signatures of the Register on registered bonds of the First 3½'s above \$500, and on registered bonds of the pre-war loans. In June, 1917, before the First 3½'s had been completed by the Bureau, the Register called attention to the physical impossibility of signing the vast number of securities to be issued in this loan and recommended that a facsimile signature be engraved on the bonds, and after approval by the Solicitor of the Treasury as to the legality thereof, the change was promptly made. The absurdity of Mr. McCarter's accusation will be realized when it is noted that the organization of the Public Debt Service did not take place until nearly three years after the use of autograph signatures had been abandoned with respect to practically all of the issues.

It will be seen from the above that there is not the slightest foundation for Mr. Brewer's charge that changes in procedure and personnel within the Public Debt Service were made for the purpose of suppressing evidence of fraud. It has been pointed out that the number of employees in the Division of Loans and Currency before the United States entered the war in Europe was 84, while the number had been increased to 2,275 by September 30, 1920, and that the number of employees in the Register's office before the war was 21, while the number had been increased to 962 by September 30, 1920. The reasons for the change in procedure and increase in personnel have been pointed out, but it should be quite obvious that some reorganization was necessary to enable the force efficiently to handle the enormous volume of transactions incident to the war loans and to insure appropriate controls over issues and retirements as well as to surround the handling of securities with proper safeguards. It has been pointed out also that certain employees were assigned supervisory duties and subsequently proved to be unfitted for such duties, as in the case of Mr. J. W. McCarter, former Assistant Register of the Treasury, whose malicious charges have beeuu reiterated by Mr. Brewer. Mr. Brewer has submitted nothing to support his charge that changes in procedure and personnel were made to suppress evidence of fraud, but by subtle insinuations he attempts to create suspicious coincidences from ordinary and justifiable occurrences.

TRACING SOURCE OF SURRENDER OF SECURITIES.

In support of the charge that officials of the Treasury Department have suppressed information concerning fraudulent duplications or overissnes, Mr. Brewer further attempts to show that the source of surrendered bonds was obscured to preclude tracing.

209. Mr. Brewer devotes pages 16 to 18, inclusive, of his report of January 15, 1924, to the subject "source of bonds obscured and other relations with Federal Reserve Banks, etc." Apparently this section of his report is intended to support allegations, set forth at the beginning of his report, that Treasury officials sought to obscure the source of surrendered bonds in order to suppress evidence of duplication. Mr. Brewer refers to procedure, to specific cases, to instructions, and to Department memoranda and circulars, correspondence, etc. Some of the matters are related—some are not. His quotations are not always correct, and they frequently have no bearing on the subject. In the resulting confusion it is almost impossible to follow through to conclusion his line of thought as indicated by the statements and references in this section of his report. The conclusion seems justified, however, that Mr. Brewer intended to show that through revolving stocks of bonds, failure to record source of receipt, the provisions for exchanges of temporary for permanent bonds, and the arrangements for expense and risk of shipment thereof, officials of the Treasury sought to destroy evidence of duplication.

210. Prior to the exchange of temporary bonds for permanent bonds, the Treasury conferred with representatives of the twelve Federal reserve banks, for the purpose of considering various methods of surrender and exchange. Treasury Department Circular No. 164 and related instructions were the result of this conference. Never before had the Treasury been called upon to handle a public debt operation of this magnitude, and the problem of exchanging over 75,000,000 securities during a period of a few months was one that demanded the most careful and judicious attention. To permit these exchanges only at the Treasury or to extend the operations merely to Federal reserve banks would have resulted in a congestion of transactions which would inconvenience the bondholder and embarrass the Department. The public was entitled to prompt delivery of permanent bonds in lieu of the temporary securities, for the bondholder could not collect subsequently maturing interest until he obtained a permanent bond, and to facilitate this turnover the Treasury availed itself of the assistance of incorporated banks and trust companies. Many banking institutions, upon the deposit of acceptable collateral, were furnished with consignment stocks of permanent bonds. They thus were enabled to make exchanges for their customers and the public generally, and to relieve the Treasury and the Federal reserve banks of the burden of handling thousands of individual items.

211. Following the issues of the Liberty and Victory Loans the transactions were so voluminous that it would have been impossible to record the source of receipt. Recordation of the source of surrendered bonds, moreover, even though enforced, would, almost without exception, avail nothing, as regards lost or stolen bonds, for in most cases before the securities reach the Federal reserve banks or the Treasury, title has already been cleared through value given, the presenting bank or dealer making no record of serial numbers. The Department is concerned primarily with determining the *validity* of the securities issued for value and of the securities retired. This is determined (1) through the distinctive paper accounts with the Bureau of Engraving and Printing, (2) the accounting for every perfect security delivered by the Bureau or received from the public, and (3) the critical examinations given securities when issued and when received. The Department believes and asserts that every bond delivered by the Division of Loans and Currency or the Federal reserve banks was delivered for value received, either by payment into the Treasury or upon the surrender of an equal par amount of other valid securities previously issued in regular course.

212. As regards revolving stocks of bonds at Federal reserve banks, referred to by Mr. Brewer, the reference, of course, is to reissue by Federal reserve banks of perfect coupon bonds surrendered by holders for exchange for other denominations. This practice was not followed on any other transaction. The market for Liberty bonds was exceedingly active. To June 30, 1920, 32,795,214 pieces of Liberty bonds and Victory notes, aggregating \$4,192,053.750 in face amount, had been surrendered for exchange of denominations, and 9,684,518 pieces of the same aggregate face amount were issued in exchange therefor. A considerable portion of the surrendered securities were in as good condition as when issued, and by far the largest part were surrendered by banks and dealers and not by individuals. It seemed a waste of public money to cancel and retire securities received on exchange in such circumstances if the securities were perfect in every respect. The Bureau was working overtime to produce securities; it was difficult, if not impossible, readily to meet all demands; and the consensus of opinion in the Federal reserve banks and in the Treasury was that in the circumstances valid securities received for denominational exchange should be reissued. From time to time the matter of reissue of surrendered securities was given consideration, and on January 5, 1922, a committee was designated to consider this matter as well as other questions of procedure between the Treasury and the Federal reserve banks as fiscal agents. The committee finally, on May 12, 1922, after exhaustive study, recommended that all securities received on any account be canceled upon surrender. The recommendation of the committee was adopted by the Department and made effective in instructions to Federal reserve banks under date of June 30, 1922.

213. As to the impediment which these revolving stocks may have placed upon any investigation concerning the source of surrender, the Treasury desires to state that it has never undertaken to trace bearer securities from one holder to another or to furnish information concerning the source of surrender of any such securities. Treasury Department Circular No. 300 (Regulations with Respect to United States Bonds and Notes), dated July 31, 1923, contains the following with respect to information that may be furnished in connection with the loss or theft of coupon bonds or notes:

Coupon bonds or notes lost or stolen.—The Treasury Department can grant no relief on account of lost or stolen coupon bonds or notes. United States bonds and notes in coupon form are payable to bearer, and title thereto passes by delivery, without indorsement, and without notice to the Treasury Department. Under generally recognized principles of law an innocent purchaser for value without notice before maturity acquires good title to coupon bonds or notes even though reported lost or stolen, and no proof of ownership is required when coupon bonds or notes are presented in regular course to the Treasury Department, or its designated agencies, for payment, exchange, or conversion. The Treasury Department assumes no responsibility whatever with respect to coupon bonds or notes reported lost or stolen and enters no stoppages or caveats against their payment, exchange, or conversion. This is the long-established policy of the Treasury, and is in accordance with the following public announcement made by the Secretary of the Treasury on April 27, 1867, and reaffirmed and republished from time to time as to United States bonds and notes in coupon form reported lost or stolen:

In consequence of the increasing trouble, wholly without practical benefit, arising from notices which are constantly received at the Department respecting the loss of coupon bonds, which are payable to bearer, and of Treasury notes issued and remaining in blank at the time of loss, it becomes necessary to give this public notice, that the Government can not protect, and will not undertake to protect, the owners of such bonds and notes against the consequences of their own fault or misfortune.

Hereafter all bonds, notes, and coupons, payable to bearer, and Treasury notes issued and remaining in blank, will be paid to the party presenting them in pursuance of the regulations of the Department, in the course of regular business; and no attention will be paid to caveats which may be filed for the purpose of preventing such payment.

The Treasury Department does not undertake to furnish any information with respect to the presentation of coupon bonds or notes reported lost or stolen, but it will, wherever possible, in order to assist in tracing lost or stolen securities, furnish, upon appropriate written inquiry, such information

as may be available in the Department as to whether or not bonds or notes reported lost or stolen have already been presented, and, if already presented, as to the source from which they were received. United States coupon bonds and notes are customarily handled in the regular course of business without reference to serial number, and in most cases, therefore, it is improbable that any information will be available as to the source from which received.

214. The foregoing, while extracted from one of the Treasury's current circulars, is substantially the policy which has existed for nearly 60 years. According to Mr. Brewer, however, the Treasury should have provided means of tracing bearer securities from one holder to another. The paramount consideration, from the standpoint of the Treasury, is that the free negotiability of bearer obligations of the United States be preserved. Banking institutions and brokers generally make no record whatsoever of the serial numbers of coupon bonds and for that reason there is no practicable method that the Treasury might have adopted which would have permitted the tracing of bearer securities without impairing their negotiability.

215. During the height of activities in connection with the war issues it would have been a physical impossibility to maintain records at each Federal reserve bank with respect to the source of surrender of each bearer security. Subsequently, and as soon as the volume of transactions permitted such action being taken, the Department directed Federal reserve banks to record the source from which each security is received, but even this gives only a record, of course, as to the bank from which the security is received by the Federal reserve bank, and not as to the chain of title to the security.

216. Mr. Brewer refers to Memorandum No. 17, dated September 18, 1919. This memorandum conveyed instructions to Federal reserve banks, fiscal agents of the United States, with respect to exchange transactions authorized by Department Circular No. 141, dated September 15, 1919, entitled "Rules and Regulations Concerning Transactions in Liberty Bonds and Victory Notes." The several offerings of Liberty bonds and Victory notes provided for interchanges as between coupon and registered issues, for denominational exchanges, and for transfers of registered issues. Circular No. 141 sets forth the procedure. Inasmuch as the bulk of such transactions is conducted through the medium of the Federal reserve banks as fiscal agents, the Department issued appropriate instructions to such banks. The instructions had nothing whatever to do with restorations to stock. Mr. Brewer quotes that "such transactions (i. e., exchanges) will be submitted to the Department *only* in special cases," and he underscores the word "only." The memorandum stated that "such transactions in coupon issues will be submitted to the Department only in special cases"—the reference being to denominational exchanges, conversions of 4's into 4½'s, and interconversions of Victory notes, all in coupon form. Stocks of securities for these latter purposes have been maintained at Federal reserve banks since the original issues, and the memorandum merely confirmed the existing procedure as continued under Department Circular No. 141. The "special cases" referred to are special circumstances arising, as, for example, mutilated or defaced securities.

217. Mr. Brewer refers to the Department's telegram of November 19, 1919, signed "Leffingwell," to the Federal Reserve Bank of San Francisco, and to telegram signed "Broughton" of the same date, quoting from the latter telegram the statement "Circular 164 would omit the matter objected to."

The telegram signed "Leffingwell" was a general telegram to all Federal reserve banks, setting forth the procedure to be followed for exchanges of temporary for permanent bonds. The section 8, referred to by Mr. Brewer, had to do with consignment stocks at incorporated banks and trust companies. They were not revolving stocks at all, and had nothing to do with them. On November 20, the Federal Reserve Bank of San Francisco telegraphed the Department objecting to handling consignment accounts at branch Federal reserve banks. The Department's telegram of November 29, 1919 (not November 19, 1919, as stated by Mr. Brewer), signed "Broughton," states that the circular "will omit references to branches."

248. Mr. Brewer refers to Mr. Lessingwell's letter of March 23, 1920. Doubtless reference is intended to a public statement made by Secretary Houston on that date and telegraphed to Federal reserve banks. The statement in question appears below, the portion quoted by Mr. Brewer being in italics.

[Treasury Department, For release, morning papers, Tuesday, March 23, 1920.]

STATEMENT BY SECRETARY HOUSTON.

As already announced by the Treasury and the several Federal Reserve Banks, exchanges of the temporary $4\frac{1}{4}$ per cent coupon bonds of the Third Liberty Loan for permanent bonds with all subsequent coupons attached began on Monday, March 15, 1920, and are now being carried on, chiefly through the several Federal Reserve Banks, as fiscal agents of the United States, with the cooperation of the banking institutions of the country. Detailed information concerning the exchanges is given in Treasury Department Circular No. 164, dated December 15, 1919. The temporary coupon bonds of the Third Liberty Loan had no interest coupons attached for interest accruing after March 15, 1920, and therefore became exchangeable by their terms on and after that date for new bonds with all subsequent coupons to maturity. Full supplies of the permanent Third $4\frac{1}{4}$'s are available, and it is hoped that the exchanges will proceed as promptly as possible, in such a way as to meet the convenience of holders of temporary bonds and banking institutions as well as the Treasury Department. The next interest payment on the Third Liberty Loan does not occur, however, until September 15, 1920, and it is understood that in the meantime, up to about September 6, 1920, the temporary Third $4\frac{1}{4}$'s will still be recognized as good deliveries in the market, so that *there is no necessity for any immediate rush by bondholders to exchange their temporary bonds for permanent bonds.*

The Treasury has made ample provision in connection with these exchanges of temporary for permanent bonds whereby recognized banking institutions in the United States who make no charge for their services may effect exchanges for themselves and their customers without expense or risk on account of the transportation of the temporary bonds surrendered or of the permanent bonds issued upon exchange. Adequate provision has also been made whereby incorporated banks and trust companies may make over-the-counter exchanges. Full information as to these arrangements is available at the respective Federal Reserve Banks. In view of the liberal arrangements which have thus been made for effecting the exchanges, and in view of the fact that no charge for the exchange is imposed by the United States *the Treasury confidently appeals to the banking institutions of the country to handle exchanges of temporary for permanent bonds without expense to the holders, and thus complete their patriotic service in connection with the war loans*¹ by carrying out this last, and mechanically the largest, operation related to our war financing without imposing charges for their own services. Holders of temporary bonds will, it is hoped, consult their own banks and avail themselves of their assistance in effecting the exchanges for permanent bonds.

Deliveries of permanent bonds in exchange for temporary bonds will be made within the United States by the Federal Reserve Banks and the Treasury Department at the risk and expense of the United States, whether or not submitted through banking institutions, but the arrangements for the transportation of temporary bonds surrendered for exchange at the expense and risk of the United States are available only when presented through recognized banking institutions to the Federal Reserve Banks. *In other words, holders of temporary bonds who surrender their bonds direct to a Federal Reserve Bank or the Treasury Department for exchange will be obliged to make their own arrangements for the transportation and insurance of the temporary bonds surrendered.*

First Liberty Loan Converted 4 per cent bonds, Second Liberty Loan 4 per cent bonds, First Liberty Loan Converted $4\frac{1}{4}$ per cent bonds, and Second Liberty Loan Converted $4\frac{1}{4}$ per cent bonds are all expected to be available in permanent form for delivery in exchange for temporary bonds within the next month or six weeks, and exchanges of these bonds will be handled in substantially the same manner as exchanges of the Third Liberty Loan bonds. Inasmuch as the temporary First $4\frac{1}{4}$'s and Second $4\frac{1}{4}$'s have coupons attached covering interest to June 15 and May 15, 1920, respectively, they need not be exchanged for permanent bonds until those dates; in fact, before June 15 and May 15, 1920, respectively, the permanent First $4\frac{1}{4}$'s and Second $4\frac{1}{4}$'s are required chiefly for delivery upon conversion and exchange of temporary First 4's and Second 4's, which have no coupons attached for interest accruing after December 15 and November 15, 1919, respectively, but whose exchange has been postponed awaiting the preparation of the permanent $4\frac{1}{4}$'s, in order that both conversion and exchange might be

¹ Mr. Brewer quotes the phrase printed in italics as: "Bankers are urged to complete their patriot's service."

effected simultaneously. As repeatedly announced, the First 4's and Second 4's are still convertible into 4½ per cent bonds, pursuant to the terms of the extended conversion privilege, and holders of temporary 4 per cent bonds are therefore urged to submit their bonds for both exchange and conversion. As already announced, in the absence of written instructions to the contrary, temporary 4 per cent bonds presented for exchange for permanent bonds will be deemed to be presented also for conversion into 4½ per cent bonds.

The temporary 4½ per cent bonds of the Fourth Liberty Loan still have unmatured coupons attached, the last one due October 15, 1920. Exchanges of temporary Fourth Liberty Loan bonds will therefore not begin until approximately October 15, 1920, when it is expected that adequate stocks of permanent bonds will be available so as to permit exchanges to be carried on in substantially the same manner as exchanges of Third Liberty Loan bonds. Temporary First Second 4½'s do not become exchangeable until December 15, 1920. The First 3½'s and both series of Victory notes were issued originally in permanent form.

All 4 per cent and 4½ per cent registered Liberty bonds are already in permanent form and need not be exchanged for other bonds. Holders of temporary 4 per cent and 4½ per cent coupon Liberty bonds are therefore strongly urged to present their temporary bonds for exchange for registered bonds instead of for coupon bonds in permanent form, and in that event will promptly receive registered bonds upon exchange. The exchanges of temporary for registered bonds may be made at any time, and need not await the completion of the permanent coupon bonds. Substantially the same facilities are available for exchanges of temporary bonds for registered bonds as for exchanges for permanent coupon bonds, and holders of the temporary bonds should have no difficulty in arranging with their own banks for exchanges into registered bonds without expense.

219. In urging exchange of temporary coupon bonds for registered bonds the Treasury was acting in the interests of the holders and was following out a consistent policy of urging holders of small amounts of United States bonds to hold them in registered form and so protect themselves against loss. In the same connection Mr. Brewer asserts "In registered bonds there was not a single duplicate as far as any record could be found for me" and makes comment thereon. As a matter of fact, the records show mistakes in numbering registered bonds did occur, and the files of the Department show that a protest was lodged by the supervisor in charge of the issue of registered bonds in the Division of Loans and Currency to the effect that the many duplicate-numbered registered bonds received seriously interfered with the work of issue. The imperfections in registered bonds were comparable with the imperfections in coupon bonds.

220. The Treasury can not dismiss Mr. Brewer's statements regarding these exchanges without calling attention to several examples of inaccuracy and misunderstanding appearing in his charges. On page 17 of his report of January 15, 1924, the following statement appears:

Another provision found in several places was a deterrent for sending to Washington surrendered coupon bonds. The expense of same and the risk of same was placed on the owner while the Government bore the expense in cases of registered bonds. (Loans and Currency Memorandum No. 17, of September 8, 1919.)

The memorandum referred to conveyed instructions to Federal reserve banks regarding transactions under Treasury Department Circular No. 141, entitled "Rules and Regulations Covering Transactions in Liberty Bonds and Victory Notes". Paragraph 7 of this memorandum contains the following instructions with respect to transportation charges and risks:

Transportation charges and risks on bonds or notes presented for exchange or transfer or other operation covered by said circular (Circular No. 141) to Federal Reserve Banks or returned by Federal Reserve Banks upon exchange or transfer, or otherwise, *must be borne by the owners of the bonds or notes*, except that registered bonds and notes will be returned by registered mail at the expense of the United States but at the risk of the registered owner.

The above paragraph does not state that the expense and risk of *forwarding* registered bonds to Washington will be borne by the United States, as Mr. Brewer alleges, nor does it make any distinction between coupon and registered bonds so far as the *forwarding* of bonds to Washington is concerned. Except as to the exchange of temporary coupon bonds for per-

manent bonds (hereinafter referred to), the United States in no case assumed the risk and expense of *forwarding bonds to Washington or to the Federal reserve banks*. The above paragraph specifically provides that transportation charges and risks on both coupon and registered bonds forwarded to the Federal reserve banks must be borne by the owner. Mr. Brewer has failed to distinguish between securities *transmitted to* and securities *returned by* the Department or the Federal reserve banks; therefore there is absolutely no basis for his statement that the above paragraph "was a deterrent for sending to Washington surrendered coupon bonds."

221. Further in attempting to show that the Treasury (for the purpose of suppressing evidence of fraud) discouraged the forwarding of coupon bonds to the Department in Washington, Mr. Brewer quotes only part of a sentence, and by omitting the qualifying clause attaches an entirely erroneous meaning. He refers to a telegram addressed to the Federal Reserve Bank of San Francisco on January 24, 1920, and quotes the telegram as stating:

It is important to note that the expense and the risk of shipment of temporary bonds will not be borne by the United States.

The telegram in question, addressed to all Federal reserve banks, called attention to provisions of Department Circular No. 164 (governing exchanges of temporary for permanent bonds) regarding shipments of temporary bonds to Federal reserve banks at expense and risk of the United States, and reads, in part:

It is important to note that expense and risk of shipments of temporary bonds will not be borne by the United States in any of these cases *except when arrangements for transportation of the shipment have been made in accordance with instructions from Federal Reserve Banks to incorporated banks or trust companies, as will appear from paragraph 7 of said circular which contains express proviso that shipments must be made in accordance with instructions of Federal Reserve Banks.*

It is difficult to believe that Mr. Brewer's omission of the major portion of the above telegram was unintentional. The Treasury could not attempt to handle the insurance arrangements for thousands of individual holders who might elect to deal direct with the Federal reserve banks or the Treasury, and in order to save the public the expense of postage and insurance, and at the same time to encourage decentralized surrender, it was provided that if the bondholder did not avail himself of the opportunity to surrender his temporary bonds through an incorporated bank or trust company, thus avoiding payment of postage and insurance charges, he would have to bear the expense and risk of the shipment. Comparatively few bondholders failed to accept this privilege, a large proportion of the temporary bonds being surrendered through banks and trust companies without expense or risk to the holders. All permanent bonds were returned at the expense and risk of the United States.

222. Mr. Brewer refers to the fact that no assignments were required when registered bonds were presented for conversion. It is inconceivable that Mr. Brewer can seriously believe that there is any connection whatsoever between the conversion of registered bonds without assignment and his charges as to fraudulent overissues of the public debt. Where registered bonds were converted into other registered bonds bearing a higher rate of interest, without change of ownership, a formal assignment was unnecessary, and accordingly was not required.

SUPPRESSION OF FACTS.

223. On page 16 of his January 15th report, Mr. Brewer refers to action taken by the Department relative to tracing lost securities for which an insurance company was liable. Mr. Brewer has failed to note, or he has not been advised, that since the spring of 1919 the Treasury Department has itself assumed the risk of shipment on public debt securities when transmitted for account of the United States, under a plan of self insurance. Prior to that time insurance

was placed with insurance companies, and investigation of losses was made to support claims on insurance companies for reimbursement and to determine whether or not there was dishonesty on the part of any employees in the Government service in connection with the loss. Such investigations were not made for the benefit of the insurance companies which assumed the risk of shipment. When the Treasury discontinued the placing of insurance on shipments of public-debt securities for account of the United States and itself assumed the risk of shipment, it stood in exactly the same position as insurance companies had formerly stood, that is to say, it asserted an interest in the lost securities, and the investigations referred to by Mr. Brewer were for the purpose of locating securities in the hands of thieves or others guilty of fraud in connection with the losses. The assertion of interest might or might not be substantiated; if the securities reached the hands of an innocent purchaser for value the Department, of course, under generally recognized principles of law, could not assert any title.

Mr. Brewer's charge that officials of the Treasury Department have suppressed information concerning fraudulent duplications or overissnes by obscuring the source of surrendered bonds to preclude tracing is not only false but ridiculous. It has been pointed out that Mr. Brewer has completely distorted the meaning of certain provisions governing the handling of bonds, and it has been shown that the memoranda, telegrams, instructions, and regulations issued by the Treasury were occasioned by the exigencies of the situations presented, and that Mr. Brewer's charge that they were promulgated for the purpose of obscuring the source of surrendered bonds to preclude tracing is absurd. In his criticisms of the Treasury in connection with this charge, Mr. Brewer has utterly disregarded the law of negotiable instruments and the various situations arising in handling bond transactions.

UNCANCELED SECURITIES.

In support of the charge that there was fraud or carelessness in the handling of bonds after retirement, Mr. Brewer calls attention to the fact that uncanceled securities have been stolen from the files of the Treasury Department and again honored by the Department.

224. Mr. Brewer refers to the fact that a number of retired securities reached the Office of the Register without cancellation and were held indefinitely in the Register's files in that condition. He alleges that up to 1920 uncanceled securities received by the Register aggregated several millions of dollars, and states that this information was obtained from the Division of Paid Securities. When the former Chief of the Division of Paid Securities was in charge of the Division of Miscellaneous Securities, in the Office of the Register, prior to February, 1920, he received retired securities from the Division of Loans and Currency. That many uncanceled bonds were included in the securities delivered to him was a matter of common knowledge, both in the Division of Loans and Currency and in the Office of the Register. Neither the Division of Loans and Currency nor the Federal reserve banks had facilities at that time for proper cancellation, and it was understood that the Register's office would utilize its equipment and promptly cancel the bonds. As a matter of fact, the Treasury insisted when the war-loan issues began that public-debt securities retired on any account should be effectively canceled at the earliest possible moment. The Treasury experienced considerable difficulty in enforcing its requirement that Federal reserve banks cancel every retired security delivered to the Department, and the files of the Department indicate almost continual correspondence demanding that the banks accord surrendered securities more thorough inspection prior to shipment. Improvement in this situation was gradual, and it can not be said that the sub-

mission of uncanceled securities was entirely eliminated until the issuance of Federal Reserve Bank Memorandum No. 56, under date of May 25, 1920. This memorandum not only prescribed methods of cancellation and shipment, but provided for the installation of special canceling machines. Since 1920 very few securities have reached the Department uncanceled.

225. Mr. Brewer refers to the theft of uncanceled securities from the files of the Register of the Treasury. A complete history of these abstractions will be found in the report of the Chief of the Secret Service Division, Exhibit C of this reply. It should be noted that while thefts of both canceled and uncanceled securities occurred, the net face value of securities which were stolen from the files of the Register of the Treasury and again honored by the Treasury aggregates only \$13,100. Such thefts have no bearing on Mr. Brewer's charges that fraudulent duplications or overissues occurred, but were the result of dishonesty on the part of individual employees, and in practically every case the persons committing the thefts have been placed in custody.

226. Mr. Brewer refers to "Case 1111," involving \$14,740,000, 4 per cent Second Loan coupon bonds presented for exchange into registered bonds. The report of the Chief of the Secret Service, dated March 14, 1924, (Exhibit C hereof), sets forth the full history of the case. In rechecking this case 197 \$1,000 bonds were found to be missing. This case was called for by the Destruction Division in the regular course of business but delivery to such Division was held up because of the missing bonds. Mr. Brewer states that a few days later an order was issued by the Register of the Treasury (Mr. Elliott) directing the delivery of this case to the Destruction Division and implies that such order was issued for the purpose of hastening the destruction of this case and concealing the facts regarding the missing bonds. It is important to note that at this time orders had been issued to withhold from destruction any cases in which discrepancies were found. Mr. Brewer fails to mention that these bonds *have not been destroyed* and are still available in the Register's office for any examination that may be desired. This is an illustration of Mr. Brewer's practice of disregarding the facts in reaching conclusions.

It will be seen that there was no fraud or carelessness on the part of officials or employees responsible for the safeguarding of retired securities. It has been pointed out that there have been thefts of both canceled and uncanceled securities from the files of the Register's office after retirement, but these thefts are shown to have been committed by subordinate clerks or messengers of the Treasury; it has been shown that every reasonable and necessary safeguard was erected to protect these securities and that the adequacy of such protection is evidenced by the fact that the total loss to the Government as a result of such thefts has been only \$13,100 over a period of seven years, during which time over one hundred billions of dollars of securities were handled by thousands of employees. The guilty parties in practically every instance have been brought to justice. This is a record which in any private business would be regarded with supreme pride, but Mr. Brewer insinuates that in the Treasury of the United States it is ground for suspicion.

RECOMMENDATIONS SUBMITTED BY MR. BREWER.

Mr. Brewer concludes his report with certain recommendations, the majority of which are without merit, and their adoption would neither improve the methods of handling securities nor introduce a single necessary safeguard.

227. Mr. Brewer recommends "that the present method of the public debt acting as its own auditor be discontinued and the audit be placed in the hands of the Comptroller General, which it is believed to be permitted in the recent law establishing his office, this in accordance with the method considered necessary by outside business interests."

228. Transactions in public debt securities are handled by distinct and separate organizations—the Bureau of Engraving and Printing, the Division of Paper Custody, the Division of Loans and Currency, the Postal Service, Federal reserve banks, as fiscal agents of the United States, and the Treasurer of the United States. The receipt of every security and the delivery of every security are independently reported to the Division of Public Debt Accounts and Audit, where control accounts are maintained. Where securities have been surrendered and canceled, either for credit on account of payments made, or for credit on account of exchange or similar transactions not affecting the principal amount of the debt outstanding, such securities are delivered to the Register of the Treasury for an independent examination and audit. In paragraph 66 hereof reference is made to the Division of Public Debt Accounts and Audit. No office affected by transactions involving surrender can receive credit on the books of the Division of Public Debt Accounts and Audit until the actual receipt of the surrendered securities has been acknowledged by the Register. In the matter of paid securities the Treasurer's account is involved, and the Register's certificate of receipt and examination is accepted by the Comptroller General in lieu of the securities themselves.

229. The Treasury Department would have no objection whatever to the delivery to the Comptroller General of all paid securities in bearer form, including interest coupons, for examination and disposition. It would be necessary, however, to route such securities through the Register's office for clearance of the administrative accounts. The present procedure was established with the full approval of the then Auditor for the Treasury Department and has been continued under the present independent organization of the Comptroller General of the United States, the certificate of the Register as to the receipt and examination of paid securities being accepted as sufficient voucher in the public debt account of the Treasurer of the United States. The volume of transactions, of course, is enormous, and a large increase in the force of the Office of the Comptroller General would be necessary to duplicate the Register's examination both of paid coupons and of paid securities evidencing a reduction in the principal of the public debt. In addition, facilities for safe custody would have to be provided and there are always dangers of loss and error in the duplicate handlings of securities that would be necessitated by this change in procedure.

230. In the matter of *paid* securities the Public Debt is not acting as its own auditor. The Register of the Treasury is acting as auditor of payments made by the Treasurer of the United States. Such audit includes, however, an examination of the paid securities and the recordation thereof on the numerical records in the Register's office. In connection with the very much larger class of *canceled* securities surrendered for exchange, transfer, etc., the Register does make an audit of transactions conducted by the Division of Loans and Currency, which is an essential part of the Public Debt Service, and of similar transactions conducted by Federal reserve banks and the Postal Service, which are not parts of the Public Debt Service. For the purpose of determining the integrity of the debt it is necessary that all classes of retired securities be cleared on the numerical records in the Office of the Register. These numerical records reflect all transactions. It would not be possible, therefore, to route securities evidencing *payments* to one office and those evidencing *exchanges* to another, so that even if the paid securities ultimately were to be delivered to the Comptroller General, they would first have to be examined and recorded by the Register, and it would not be possible to reduce the work in the Register's office. The matter of registered issues will present a further complication. Since the assignments appear on the securities themselves, all such securities must be preserved, and it would not be feasible to maintain a file of *paid* registered securities in one office and of other retired registered securities in another. If paid registered securities be delivered to the Comptroller General for audit and examination, it would be necessary subsequently for them to be redelivered to the Register of the Treasury for permanent filing.

231. That there may be no confusion in the matter it may again be explained that there are two major classes of public debt securities being retired; (a) *paid* securities, representing principal of the debt retired, and (b) *canceled* securities, evidencing retired securities upon issue of an equal par amount of other securities, the principal amount of the debt outstanding not being affected. The accounting offices of the Government would not be concerned with the latter class of securities, which are merely representative of transactions within the public debt, the amount outstanding not being affected.

CONCLUSIONS.

232. The findings of the Treasury, as set forth in detail in the foregoing reply, are summarized below:

I. There have been no fraudulent duplications or overissues of the public debt:

(a) Erroneously numbered securities were printed and certain of such securities were issued without the errors in serial numbers being detected, thus resulting in actual duplications in serial numbers. Errors were made in preparing lists of serial numbers and in posting serial numbers in the numerical registers, thus resulting in apparent duplications in the serial numbers of bonds. Thieves, who had stolen bonds from the public after they had been issued by the Treasury and payment received therefor, have so altered the serial numbers on the securities as to result in apparent duplications in numbers. However, the Treasury's investigation discloses that every instance of duplicate numbering, whether actual or apparent, is clearly traceable to such errors or alterations, and not to fraud. In no case has any such error or alteration resulted in an overissue of the public debt. Furthermore, the Treasury's investigation discloses no "spurious" securities. It is important to note that up to the present time less than 2,100 instances of duplicate serial numbers have been indicated out of a total of more than 200,000,000 pieces. These conclusions are justified by the following:

1. The amount of securities issued, as shown by the records of the Treasury Department, agrees absolutely with the amount of cash received by the Treasury upon subscriptions.
2. A large overissue, such as Mr. Brewer attempts to show, would have resulted in excessive payments of interest, whereas the figures as to interest paid show that the amount paid has continually been far below the actual accruals.
3. There was an absolute control on each piece of distinctive paper used in the printing of United States securities. This control operated from the time the paper left the paper machines at the Government Mill at Pittsfield, Mass., through the various printing operations in the Bureau of Engraving and Printing, and through the various issue operations in the Public Debt Service and Federal reserve banks, until the securities were delivered to the public. This control was resumed upon the subsequent surrender of the securities by the public for retirement, and followed the securities through to destruction. In the description of the operations appearing in this reply it has been made clear that the distinctive paper and securities were subjected to numerous counts and verifications, and that, from the time of delivery of securities by the Bureau of Engraving and Printing to the Division of Loans and Currency, daily or other periodic reports were submitted by the various sections of the Public Debt Service handling securities, and by the Federal reserve banks, to an independent accounting division. Such reports showed the movements of securities and formed a network of accounting and auditing controls by which any overissues, shortages, and other irregularities would be detected. These accounting and auditing controls disclose nothing which would support Mr. Brewer's charge that there have been fraudulent duplications or overissues of the public debt. In order that the stupendous task confronting the Treasury and the Federal reserve banks in connection with the war loan issues may be realized, and in order to illustrate the extent to which deliveries, issues, and retirements were recorded and controlled, there is set forth in Exhibit II hereof a summary of the transactions in the temporary coupon bonds of the Liberty Loans.
4. Fraudulent duplications or overissues of the public debt could not have occurred without the collusion of so many clerks employed in the several independent operating divisions

and sections, as well as those employed on the accounting and auditing controls, that any attempted conspiracy would have been promptly exposed.

5. Notwithstanding Mr. Brewer's attempts to show that it is impossible for errors to have been made in imprinting the serial numbers on securities, the Treasury's investigation discloses that such errors not only are possible but have actually occurred and continue to occur. The fact that errors in numbering occurred during the period from 1917 to 1920, when bonds were printed under great stress and adverse conditions, is not surprising when it is shown that errors continue to be detected in the current work of the Bureau of Engraving and Printing. Mr. Brewer attempts to show that duplications of serial numbers could be made only by design. However, he conspicuously avoids reference to the necessity for hand-setting all digits on the paging machines used in the preparation of "make-up" bonds as well as to the necessity for hand-setting certain digits on the surface printing machines, used in the regular printing. The first omission is particularly significant by reason of the fact that the greater majority of duplicate serial numbers is traceable to "make-up" bonds. In other words, Mr. Brewer neglects to call attention to the fact that the operation of the numbering blocks is not entirely mechanical. If an error occurs in printing a serial number on a bond and the security is issued without the error being detected, the result will be that one number will be used *twice* and the correct number *will not be used at all*. Accordingly, the total *money value* is not affected by the error. A Treasury committee has investigated each instance of duplicated serial number and in practically every case has determined the serial number which should have been borne by one of the duplicate-numbered securities. The reason for the failure to determine the serial numbers in the few remaining instances is set forth in paragraph 97 hereof.

6. The Treasury's investigation discloses nothing which indicates that "spurious" securities were issued or that the securities, the numbering of which Mr. Brewer alleges to be illegitimate, are invalid.

7. Securities have been presented bearing serial numbers which have been skillfully erased or changed by thieves after having been issued and delivered to the public, thus resulting in apparent duplications of serial numbers.

(b) Securities were printed and issued in a few instances bearing erroneous serial numbers higher than the authorized high numbers. However, such erroneously numbered securities were the result of printing errors and did not result in an overissue of the public debt, nor were any such erroneously numbered securities issued through fraud. Mr. Brewer's charges that fraudulent duplications or overissues of the public debt are evidenced by securities numbered higher than the authorized high numbers are false. This conclusion is justified by the facts set forth in 1, 2, 3, 4 and 5 under I-a above, and by the following:

1. Mr. Brewer attempts to point out, in connection with a certain bond and certain interest coupons, that since the bond and coupons were numbered considerably higher than the authorized high numbers, the numbers in between the authorized high numbers and the numbers to which he refers represent an alarming overissue of the public debt. The Register of the Treasury advises that neither the bond nor the coupons referred to have ever been received in the Office of the Register. Furthermore, from an investigation conducted by the committee appointed by the Treasury to investigate irregularities in numbering, it has been found that no bonds or coupons corresponding in denomination and loan to those referred to by Mr. Brewer have ever been presented to the Department bearing numbers above the authorized high numbers. Accordingly, the alarming overissue pictured by Mr. Brewer does not exist.

(c) There were no irregularities in the Bureau of Engraving and Printing, such as Mr. Brewer attempts to show, which would have permitted fraudulent duplications or overissues to be perpetrated without detection. This conclusion is justified by paragraphs 3, 4 and 6 under I (a), and by the following:

1. Fraudulent duplications or overissues could not have occurred either through irregularities in the Bureau of Engraving and Printing or otherwise without being reflected as set forth in paragraphs 1 and 2 under I (a), and no fraudulent duplications or overissues are so reflected.

2. Separate committees, representing the Treasury Department and the Department of Justice, respectively, have examined and verified the distinctive paper accounts of the Bureau of Engraving and Printing. The reports of the two committees are in substantial agreement and disclose no such differences as Mr. Brewer attempts to show.

3. Other charges of irregularities in the Bureau of Engraving and Printing made by Mr. Brewer, which have no direct connection with fraudulent duplications or overissues of the public debt, also have been shown to be without foundation.

II. Mr. Brewer's charges that officials of the Treasury Department have suppressed information concerning fraudulent duplications or overissues are absurd. It has been pointed out that officials of the Treasury Department could not suppress information concerning fraudulent duplications or overissues of the public debt if no such fraudulent duplications or overissues existed, and it has been clearly shown that fraudulent duplications or overissues do not, in fact, exist. Nevertheless, Mr. Brewer's charges with respect to suppression have been answered in detail, and the detailed answers further show the absurdity of his charges, in that—

(a) There was no "manipulation" of the annual reports of the Register of the Treasury, the facts being clearly and accurately set forth in such reports. In his attempt to support the charge that the annual reports of the Register were "manipulated" for the purpose of suppressing evidence of fraud, Mr. Brewer has misinterpreted table headings and disregarded table contents and otherwise deliberately distorted the facts. Mr. Brewer insinuates that during the period between September 3, 1920, when Mr. McCarter wrote to the Secretary of the Treasury concerning high-numbered bond No. 7,979,985, and September 30, 1920, when the 1918 report was "prepared," the report was manipulated to suppress evidence of the fraud which he alleges is evidenced by the bond to which Mr. McCarter referred. However, the Treasury has shown that the report of the Register of the Treasury for 1918 was submitted to the Secretary of the Treasury by the Register under date of April 3, 1920, that is, five months prior to the date of Mr. McCarter's letter, and that the report for 1918 correctly states the facts.

(b) Securities were not destroyed for the purpose of suppressing evidence of fraudulent duplications or overissues of securities of the war-loan issues. It was the practice of the Treasury for many years before the issue of the war loans to destroy unissued reserve stocks of securities and securities retired for exchange or payment. This practice is and has consistently been regarded as necessary for the protection of the Government's own interests. There was ample authority for the destruction of securities and there was full compliance with President Harding's orders with respect to destruction. Furthermore, the records of destruction are fully reliable and clearly reflect all of the facts. Mr. Brewer disregarded facts known to him when he reiterated his charge that the records as to the destruction of certain certificates of indebtedness held as specimens could not be depended upon. The destruction records clearly and accurately set forth the circumstances surrounding the withdrawal of these specimen certificates. Mr. Brewer further neglected to ascertain the facts before making his charge that it was the duty of the Destruction Committee to count securities before their destruction. It has been the long-established practice in the Treasury Department for securities to be counted *by the office delivering them to the Destruction Committee* and for the Committee merely to verify the description of the securities presented to it and to count *the packages only*.

(c) No changes in procedure and personnel within the Public Debt Service were made for the purpose of suppressing evidence of fraud, notwithstanding the fact that Mr. Brewer attempts, by insinuation, to show that changes may have been made for such purpose. Changes in both pro-

cedure and personnel were made only where the exigencies of the various situations confronting the Treasury demanded such changes, and Mr. Brewer has not submitted a scintilla of evidence to justify his charge. Ample justification has been shown for the organization of the Public Debt Service. As to other changes which took place in the divisions and offices handling public debt securities, it should suffice to say, in general, that every change made either in personnel or procedure was in the interest of efficient administration.

(d) Mr. Brewer, in attempting to show that the source of surrendered bonds was obscured to preclude tracing, has distorted the meaning of and misquoted certain provisions governing the handling of bonds. Furthermore, he has criticized the Treasury for not adopting methods which would not only be impracticable but which would have impaired the negotiability of United States bearer securities.

III. There was no fraud or carelessness on the part of officials or employees responsible for the safeguarding of retired securities. Mr. Brewer has called attention to losses sustained during a period of seven years. These losses aggregated \$13,100, and were the result of thefts committed by subordinate clerks or messengers in the Treasury. It has been shown that every reasonable and necessary safeguard was erected to protect these securities and it has been pointed out that the guilty parties, in practically every instance, have been brought to justice. It has also been pointed out that the loss of \$13,100 over a period of seven years, during which time over \$100,000,000,000 in securities were handled by thousands of employees, is by no means a reflection upon the officials or employees of the Treasury responsible for the safeguarding of retired securities, nor upon the Treasury's system of controls and audits. Incidentally, the aforementioned thefts of securities illustrate the danger of retaining indefinitely, and not destroying, dormant stocks of retired securities.

233. In the foregoing reply the Treasury has endeavored to answer Mr. Brewer's charges in full. The answer of the Treasury would not be complete, however, unless attention were invited to the chicanery resorted to by Mr. Brewer in attempting to justify his charges. His report indicates a conspicuous avoidance of fairness, and the frequent adoption of artful and evasive methods. Where the facts are susceptible of distortion, Mr. Brewer resorts to distortion; where the omission of details will pervert a situation, Mr. Brewer resorts to omission; where misstatement of the facts will strengthen a charge, Mr. Brewer resorts to misstatement; where irrelevance will tend to obscure the facts, Mr. Brewer resorts to irrelevance; and where neither distortion, omission, misstatement, nor irrelevance will serve his purpose, Mr. Brewer resorts to insinuation and innuendo.

234. Before concluding I am taking this opportunity to assure you that a most exhaustive investigation clearly establishes Mr. Brewer's charges to be absolutely without foundation. There has been no fraudulent duplication or overissue of the public debt, but, on the other hand, by investigating the Brewer charges and establishing the utter falsity thereof, the Treasury is enabled unreservedly to confirm the integrity both of the Government's obligations and of those branches of the Treasury service which have been engaged in the handling of public debt securities.

Faithfully yours,

A. W. MELLON,

Secretary of the Treasury.

EXHIBITS.

- EXHIBIT A.—Report submitted on March 1, 1924, by committee appointed to investigate duplicate numbered securities.
- EXHIBIT B.—Report of Chief, Division of Public Debt Accounts and Audit, with respect to audit of numerical registers of \$1,000 temporary coupon bonds of the Liberty Loans.
- EXHIBIT C.—Letter from the Chief of the Secret Service Division, Treasury Department, to the Secretary of the Treasury, dated March 14, 1924.
- EXHIBIT D.—Report submitted by Messrs. George M. Duncan and Edward E. Myers, under date of April 18, 1924, with respect to their examination of certain securities alleged by Mr. Brewer to be "spuriously" numbered.
- EXHIBIT E.—Senate Document No. 335, Sixty-seventh Congress, fourth session—communication from the President of the United States, transmitting supplemental estimate of appropriation to adjust losses on account of discrepancies existing April 8, 1922, in the paper accounts between the office of the Secretary of the Treasury and the Bureau of Engraving and Printing.
- EXHIBIT F.—Regulations governing the destruction of United States securities.
- EXHIBIT G.—Destruction schedules—certificates of indebtedness.
- EXHIBIT H.—Temporary coupon bonds—deliveries, issues, retirements, etc.

EXHIBIT A.

TREASURY DEPARTMENT,
Washington, March 1, 1924.

The Honorable

The Secretary of the Treasury.

SIR: The undersigned committee, designated by you on July 26, 1922, for the purpose of investigating improperly printed and duplicate-numbered securities, respectfully submits the attached statements showing the result of its investigation of improperly printed and duplicate-numbered bonds, notes, certificates of indebtedness, and other securities (except detached interest coupons) presented to the Office of the Register of the Treasury. In order to facilitate analysis the securities have been classified as follows:

List No. 1.—Duplicate-numbered securities withdrawn by Mr. Brewer.

List No. 2.—Securities, other than duplicate-numbered, withdrawn by Mr. Brewer.

List No. 3.—Duplicate-numbered securities not withdrawn by Mr. Brewer.

List No. 4.—Imperfect securities, other than duplicate-numbered, not withdrawn by
Mr. Brewer.

The committee has endeavored to allocate an outstanding or open number to one of the duplicate numbers in each case. The allocated number, it will be noted, has been listed opposite the duplicate number which it is deemed to represent. Similarities in numbers furnished the principal guide, and on this basis the committee searched for open numbers (numbers against which no securities had been presented), and matched these with the duplicated numbers. While allocation was not possible in every case, the results secured indicate that ultimately it will be possible to make a definite allocation for every duplicate-numbered security of which the Treasury has notice. The committee's inability to make an allocation in a few instances undoubtedly is due to the fact that the misnumbering of the "make-up" security completely eliminated the identifying features, as, for example, the Division of Loans and Currency has a record of bonds Nos. 38166 and 38177 being delivered by the Bureau in substitution for Nos. 3816642 and 3817750. In such cases the committee would have no basis on which to make its allocation.

The committee's investigation discloses that the paid interest coupons pertaining to the duplicate-numbered bond and the allocated number, when aggregated, show no overpayment of interest. In other words, where an "open" number has been allocated on the numerical register, the file of paid coupons in the majority of cases reveals not a single interest coupon to have been paid from the allocated bond; in the remainder of cases while the allocated bond has not been presented and although *one set* of interest coupons from the allocated number has been paid, only *one set* of coupons has reached the Department from the *duplicate-numbered* security. In our opinion this establishes the fact that for each duplicate-numbered bond there is a bond of some other serial number missing, offsetting the duplicate-numbered security.

Respectfully,

(Signed)

J. H. BITTENBENDER,

(Signed) J. F. MACOUGHTRY,

(Signed) C. R. LONG,

Committee.

LIST NO. 1.

DUPLICATE-NUMBERED BONDS, NOTES, CERTIFICATES OF INDEBTEDNESS, AND OTHER SECURITIES (EXCEPT INTEREST COUPONS) WITHDRAWN FROM OFFICE OF THE REGISTER OF THE TREASURY BY MR. BREWER.

SHOWING RESULT OF TREASURY'S INVESTIGATION.

Temporary Bonds.

FIRST 4'S.		FIRST 4½'S.		SECOND 4'S—Continued.	
\$50 DENOMINATION.		\$50 DENOMINATION.		\$50 DENOMINATION—Continued.	
Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.
103, 992	104, 292	206, 696	209, 696	2, 632, 214	2, 632, 212
103, 993	104, 293	411, 197	412, 197	2, 705, 891	2, 507, 981
126, 586	127, 586	462, 776	465, 776	2, 746, 667	2, 446, 667
267, 763	263, 763	510, 422	511, 422	2, 806, 039	2, 807, 039
277, 209	277, 207	807, 793	808, 793	2, 817, 779	2, 818, 779
353, 528	352, 528			2, 954, 345	2, 954, 545
503, 937	505, 937			3, 019, 581	3, 019, 681
773, 687	763, 687			3, 040, 279	3, 050, 279
838, 222	838, 622			3, 040, 280	3, 050, 280
876, 331	876, 371			3, 065, 379	3, 060, 379
908, 226	108, 226			3, 122, 293	3, 122, 393
1, 225, 558	1, 235, 558			3, 419, 155	3, 419, 156
1, 225, 559	1, 235, 519			3, 457, 828	3, 457, 870
1, 501, 482	1, 501, 782			3, 664, 197	3, 665, 097
1, 781, 984	1, 781, 384			3, 664, 198	3, 665, 098
2, 036, 818	2, 036, 918			3, 956, 839	3, 953, 639
\$100 DENOMINATION.		\$1,000 DENOMINATION.		\$50 DENOMINATION.	
1, 126	1, 726	359, 006	359, 086	4, 343, 888	4, 344, 888
34, 951	34, 900	393, 874	393, 875	4, 804, 214	4, 824, 214
203, 569	203, 659	419, 872	420, 872	4, 853, 989	4, 853, 982
564, 406	565, 406	472, 933	475, 933	4, 968, 696	4, 868, 696
680, 059	780, 059	646, 012	6, 460, 124	4, 969, 082	4, 979, 082
700, 094	760, 094	832, 915	832, 975	5, 029, 263	5, 029, 363
776, 617	777, 617	978, 675	6, 678, 675	5, 176, 079	5, 476, 079
		1, 064, 974	2, 064, 974	5, 189, 787	5, 185, 087
		1, 132, 764	1, 133, 764	5, 237, 662	5, 237, 622
		1, 315, 558	1, 815, 558	5, 352, 318	5, 353, 318
		1, 529, 153	1, 528, 153	5, 394, 329	5, 494, 329
		1, 544, 480	1, 544, 489	5, 424, 646	5, 624, 646
		1, 742, 332	1, 742, 322	5, 446, 783	5, 546, 783
		1, 792, 737	1, 792, 837	5, 835, 037	5, 735, 037
		1, 810, 281	1, 810, 481	6, 283, 702	6, 383, 702
		1, 930, 983	1, 930, 973	6, 335, 939	6, 338, 939
		1, 937, 880	1, 939, 880	6, 576, 271	6, 576, 471
3, 362	3, 262	1, 967, 209	1, 970, 209	6, 819, 615	6, 819, 815
56, 571	56, 771			6, 902, 252	6, 902, 652
				7, 217, 055	7, 217, 455

Temporary Bonds—Continued.

SECOND 4'S—Continued.		SECOND 4 1/4'S—Continued.		SECOND 4 1/4'S—Continued.	
\$100 DENOMINATION.		\$50 DENOMINATION—Continued.		\$1,000 DENOMINATION.	
Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.
209, 336	209, 636	1, 991, 001	1, 990, 901	218, 230	218, 830
240, 205	1, 240, 205	1, 991, 094	1, 997, 094	647, 436	647, 536
476, 916	477, 916	2, 407, 796	2, 407, 798	832, 746	832, 646
1, 678, 555	1, 678, 755	2, 519, 229	2, 519, 299	846, 501	848, 501
1, 702, 212	1, 702, 012	2, 640, 110	2, 641, 010	908, 939	908, 039
1, 890, 532	1, 890, 582	2, 686, 513		1, 329, 546	1, 329, 646
1, 892, 555	1, 894, 855	2, 821, 880		1, 353, 692	1, 353, 592
1, 954, 116	1, 944, 116	2, 978, 412	2, 978, 912	1, 353, 694	1, 353, 594
1, 954, 124	1, 944, 124	3, 132, 965	3, 133, 965	1, 508, 633	1, 511, 633
2, 132, 045	2, 132, 345	3, 286, 659	3, 286, 559	1, 514, 429	1, 514, 529
2, 331, 977	2, 351, 977	3, 386, 977	3, 386, 747	1, 607, 731	1, 602, 731
2, 333, 877	2, 343, 877	3, 738, 142	3, 741, 142	1, 607, 732	1, 602, 732
2, 488, 978	2, 490, 978				
2, 553, 031	2, 553, 013				
2, 953, 217	2, 954, 217				
3, 286, 852	3, 286, 952				
3, 356, 240	3, 359, 240				
4, 037, 741	4, 137, 741				
4, 540, 728	4, 540, 748				
4, 617, 830	4, 640, 230				
4, 617, 831	4, 640, 231				
4, 617, 832	4, 640, 232				
4, 617, 833	4, 640, 233				
4, 637, 488	4, 637, 448				
\$500 DENOMINATION.		\$100 DENOMINATION.		\$10,000 DENOMINATION.	
122, 724	112, 724	129, 448	130, 448	27, 442	27, 542
\$1,000 DENOMINATION.		169, 110	163, 110		
878, 974	876, 974	249, 363	249, 463		
SECOND 4 1/4'S.		322, 063	321, 063		
\$50 DENOMINATION.		330, 839	330, 939		
52, 629	53, 629	367, 976	367, 796		
785, 052	822, 052	718, 372	1, 718, 372		
826, 144	836, 144	718, 373	1, 718, 373		
826, 817	836, 817	1, 051, 430	1, 051, 530		
1, 012, 003	1, 021, 003	1, 092, 932	1, 092, 732		
1, 461, 500	1, 460, 500	1, 164, 011	1, 174, 011		
1, 563, 114	1, 564, 114	1, 164, 012	1, 174, 012		
1, 600, 289	1, 607, 289	1, 214, 172	1, 217, 172		
1, 958, 342	1, 968, 342	1, 342, 115	1, 343, 115		
1, 972, 986	1, 973, 986	1, 481, 864	1, 481, 564		
1, 981, 183	1, 981, 383	1, 686, 160	1, 686, 060		
		1, 936, 824	1, 966, 824		
		1, 984, 508	1, 943, 508		
		2, 077, 639	2, 077, 539		
		2, 222, 537	2, 223, 537		
		2, 273, 606	2, 261, 606		
		2, 355, 851	2, 354, 851		
		2, 712, 683	2, 712, 583		
\$500 DENOMINATION.		\$500 DENOMINATION.		\$50 DENOMINATION.	
52, 629	53, 629	73, 719	72, 719	1, 099, 476	1, 099, 076
785, 052	822, 052	73, 722	72, 722	1, 122, 781	6, 122, 781
826, 144	836, 144	73, 892	72, 892	1, 254, 775	1, 259, 775
826, 817	836, 817	73, 981	72, 981	1, 259, 126	1, 269, 126
1, 012, 003	1, 021, 003	214, 338	214, 338	1, 467, 615	1, 469, 615
1, 461, 500	1, 460, 500	214, 348	214, 848	1, 560, 828	1, 569, 828
1, 563, 114	1, 564, 114	451, 136	451, 336	1, 763, 469	1, 761, 469
1, 600, 289	1, 607, 289	461, 384	461, 284	1, 779, 246	1, 779, 216
1, 958, 342	1, 968, 342			1, 977, 769	1, 977, 969
1, 972, 986	1, 973, 986			1, 997, 097	1, 997, 079
1, 981, 183	1, 981, 383			2, 042, 723	2, 042, 743

Temporary Bonds—Continued.

THIRD 4 1/4'S—Continued.		THIRD 4 1/4'S—Continued.		THIRD 4 1/4'S—Continued.	
\$50 DENOMINATION—Continued.		\$50 DENOMINATION—Continued.		\$100 DENOMINATION—Continued.	
Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.
2, 544, 303	2, 514, 303	8, 969, 649	8, 869, 649	544, 311	540, 311
2, 552, 943	2, 452, 943	9, 161, 140	9, 561, 140	580, 524	677, 524
2, 592, 700	2, 591, 700	9, 195, 057	9, 196, 057	669, 589	670, 589
2, 592, 810	2, 591, 810	9, 388, 211	9, 389, 211	669, 592	670, 592
2, 750, 251	2, 750, 351	9, 443, 214	9, 444, 214	669, 593	670, 593
2, 824, 528	2, 824, 628	9, 454, 862	9, 456, 862	777, 229	779, 229
2, 874, 813	2, 874, 913	9, 457, 910	9, 467, 940	836, 613	836, 653
2, 999, 933	3, 000, 933	9, 646, 397	9, 649, 397	1, 140, 732	1, 140, 932
3, 291, 911	3, 292, 911	9, 647, 302	9, 747, 302	1, 454, 295	1, 455, 295
3, 318, 785	3, 318, 795	9, 683, 117	9, 686, 117	1, 749, 241	1, 750, 241
3, 364, 058	3, 367, 058	9, 775, 533	9, 776, 533	2, 049, 305	2, 050, 305
3, 433, 385	3, 433, 885	9, 815, 923	9, 815, 933	2, 208, 838	2, 008, 838
3, 503, 423	3, 508, 423	9, 848, 599	9, 851, 599	2, 450, 863	2, 450, 863
3, 536, 808	3, 516, 808	9, 868, 024	9, 869, 024	3, 376, 915	3, 373, 915
3, 859, 251	3, 869, 251	10, 054, 794	10, 052, 794	3, 434, 388	3, 434, 338
3, 868, 198	3, 868, 158	10, 127, 924	10, 127, 934	3, 527, 392	3, 527, 292
3, 937, 057	3, 937, 067	10, 207, 447	10, 207, 474	3, 553, 123	2, 553, 123
4, 007, 504	4, 006, 504	10, 504, 852	10, 501, 652	4, 018, 301	4, 019, 301
4, 327, 728	4, 427, 728	10, 665, 714	10, 666, 714	4, 082, 732	4, 084, 732
4, 428, 586	4, 408, 586	10, 822, 987	10, 823, 987	4, 084, 480	4, 084, 380
4, 437, 489	4, 737, 489	11, 287, 818	2, 287, 818	4, 421, 122	4, 421, 022
4, 506, 749	4, 700, 749	11, 512, 422	11, 522, 422	4, 749, 188	4, 759, 188
5, 020, 147	5, 020, 117	11, 517, 506	10, 517, 506	4, 807, 557	4, 907, 557
5, 158, 574	5, 159, 574	11, 756, 388	11, 756, 348	4, 807, 637	4, 907, 637
5, 166, 678	5, 162, 678	11, 826, 449	11, 827, 449	4, 807, 866	4, 907, 866
5, 325, 459	8, 325, 459	12, 555, 526	12, 555, 026	4, 807, 882	4, 907, 882
5, 325, 460	8, 325, 460	12, 594, 301	12, 597, 301	4, 836, 216	4, 835, 216
5, 357, 033	3, 357, 033	12, 903, 503	12, 903, 508	4, 810, 691	4, 740, 691
5, 366, 376	5, 376, 376	13, 181, 834	13, 181, 843	4, 865, 874	4, 865, 074
5, 431, 594	5, 434, 494	13, 213, 757	13, 214, 757	4, 999, 881	4, 989, 881
5, 441, 679	5, 448, 679	13, 326, 683	13, 326, 783	6, 045, 110	6, 045, 010
5, 468, 866	5, 468, 986	13, 391, 433	13, 381, 433	6, 231, 175	6, 331, 175
5, 578, 638	5, 577, 638	13, 488, 186	11, 488, 186	6, 346, 681	6, 246, 684
5, 620, 834	5, 520, 834	13, 594, 491	13, 595, 491	6, 491, 148	6, 491, 184
5, 645, 748	5, 635, 748	13, 658, 804	13, 658, 704	6, 502, 738	6, 503, 738
5, 735, 771	5, 745, 771	13, 816, 495	13, 816, 395	6, 536, 242	6, 546, 342
5, 873, 243	5, 833, 243	13, 895, 790	13, 895, 719	6, 900, 953	6, 900, 853
5, 937, 895	5, 967, 895	13, 930, 833	13, 930, 933	6, 980, 020	6, 980, 028
5, 937, 897	5, 967, 897	14, 015, 483	14, 012, 483	8, 401, 164	6, 401, 164
5, 937, 898	5, 967, 898	14, 032, 802	14, 302, 802		
5, 937, 899	5, 967, 899	14, 032, 803	14, 802, 803		
6, 335, 913	9, 335, 913	14, 047, 537	14, 047, 437		
6, 760, 529	6, 761, 529	14, 168, 281	14, 162, 281		
6, 882, 585	6, 882, 485	14, 168, 284	14, 162, 284		
7, 032, 886	7, 032, 786	14, 168, 291	14, 162, 291		
7, 109, 561	7, 129, 561	14, 244, 019	14, 344, 019		
7, 140, 274	7, 141, 274			385, 419	383, 419
7, 231, 030	7, 230, 030				
7, 374, 294	5, 374, 294				
7, 435, 437	7, 436, 437				
7, 721, 292	7, 721, 392				
7, 842, 283	7, 843, 283				
7, 991, 548	7, 992, 548	241, 825	242, 825		
8, 006, 910	8, 060, 910	372, 396	372, 296		
8, 346, 416	8, 346, 216	454, 452	455, 452		
				374, 376	377, 376
				1, 878, 516	1, 878, 515
					\$500 DENOMINATION.
					\$1,000 DENOMINATION.

Temporary Bonds—Continued.

FOURTH 4½'S.		FOURTH 4½'S Continued.		FOURTH 4½'S—Continued.	
\$50 DENOMINATION.		\$50 DENOMINATION—Continued.		\$50 DENOMINATION—Continued.	
Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.
73, 652	7, 365, 247	2, 307, 547	2, 317, 547	4, 495, 973	4, 495, 793
154, 399	227, 399	2, 337, 677	2, 337, 657	4, 504, 612	4, 544, 612
161, 076		2, 346, 652	2, 346, 602	4, 529, 990	4, 528, 990
247, 732	247, 132	2, 352, 909	2, 351, 909	4, 538, 321	4, 538, 221
274, 867	3, 274, 867	2, 359, 898	2, 359, 998	4, 844, 349	4, 848, 319
320, 648	320, 684	2, 374, 587	2, 364, 587	4, 992, 889	4, 992, 289
393, 959	253, 959	2, 403, 755	2, 403, 775	5, 084, 452	5, 084, 552
393, 960	393, 980	2, 437, 545	2, 437, 745	5, 115, 368	5, 115, 568
477, 678	467, 678	2, 447, 361	2, 447, 461	5, 126, 090	6, 126, 090
478, 087	479, 587	2, 472, 870	2, 474, 870	5, 126, 091	6, 126, 091
528, 507	578, 507	2, 573, 028	2, 573, 508	5, 126, 095	6, 126, 095
541, 096	541, 196	2, 630, 142	2, 630, 742	5, 126, 096	6, 126, 096
571, 651	5, 716, 510	2, 634, 760	2, 634, 700	5, 126, 103	6, 126, 103
606, 647	609, 647	2, 642, 931	2, 642, 731	5, 126, 101	6, 126, 101
618, 185	4, 618, 185	2, 720, 722	2, 718, 722	5, 126, 106	6, 126, 106
625, 502	626, 502	2, 754, 711	2, 754, 811	5, 126, 108	6, 126, 108
683, 353	684, 253	2, 755, 827	2, 755, 927	5, 126, 117	6, 126, 117
685, 985	686, 985	2, 804, 935	2, 849, 935	5, 126, 122	6, 126, 122
720, 009	726, 009	2, 953, 056	2, 953, 256	5, 126, 147	6, 126, 147
785, 116	785, 416	2, 973, 344	2, 997, 344	5, 126, 168	6, 126, 168
835, 579	835, 679	2, 982, 880	2, 981, 880	5, 126, 181	6, 126, 181
855, 010	855, 110	2, 985, 191	2, 985, 291	5, 126, 183	6, 126, 183
855, 852	855, 952	3, 064, 098	3, 164, 098	5, 126, 184	6, 126, 184
879, 298	878, 298	3, 150, 081	3, 150, 181	5, 126, 185	6, 126, 185
892, 071	892, 031	3, 310, 151	3, 310, 051	5, 126, 197	6, 126, 197
1, 019, 999	1, 014, 999	3, 406, 458	3, 406, 459	5, 126, 201	6, 126, 201
1, 057, 251	1, 098, 251	3, 573, 838	3, 173, 838	5, 126, 203	6, 126, 203
1, 068, 563	1, 068, 663	3, 635, 272	3, 735, 272	5, 126, 206	6, 126, 206
1, 068, 746	1, 068, 726	3, 709, 359	3, 709, 559	5, 126, 208	6, 126, 208
1, 124, 980	1, 125, 980	3, 739, 924	3, 734, 924	5, 126, 209	6, 126, 209
1, 155, 236	1, 155, 836	3, 759, 401	3, 795, 401	5, 126, 210	6, 126, 210
1, 192, 731	1, 192, 931	3, 761, 195	3, 761, 519	5, 126, 217	6, 126, 217
1, 203, 638	1, 203, 683	3, 913, 887	3, 913, 787	5, 126, 261	6, 126, 261
1, 292, 981	1, 292, 181	3, 970, 646	3, 970, 346	5, 126, 262	6, 126, 262
1, 306, 902	1, 306, 602	4, 022, 368	4, 022, 468	5, 126, 263	6, 126, 263
1, 352, 830	1, 356, 830	4, 028, 220	4, 018, 220	5, 126, 265	6, 126, 265
1, 444, 671		4, 039, 338	4, 039, 438	5, 126, 296	6, 126, 296
1, 483, 973	1, 482, 173	4, 075, 272	4, 076, 272	5, 126, 301	6, 126, 301
1, 553, 557	1, 553, 857	4, 088, 900	4, 098, 500	5, 126, 312	6, 126, 312
1, 566, 915	1, 666, 915	4, 092, 850	4, 091, 850	5, 126, 315	6, 126, 315
1, 656, 831	1, 656, 731	4, 092, 853	4, 091, 853	5, 126, 316	6, 126, 316
1, 699, 883	1, 699, 983	4, 092, 945	4, 091, 945	5, 126, 318	6, 126, 318
1, 768, 845	1, 766, 845	4, 098, 201	4, 098, 281	5, 126, 325	6, 126, 325
1, 817, 974	4, 817, 974	4, 163, 752	5, 163, 752	5, 126, 328	6, 126, 328
1, 823, 675	1, 823, 875	4, 297, 678	4, 297, 878	5, 126, 333	6, 126, 333
1, 892, 895	1, 891, 895	4, 337, 430	4, 330, 430	5, 126, 334	6, 126, 334
1, 941, 915	1, 941, 815	4, 403, 822	4, 503, 822	5, 126, 335	6, 126, 335
1, 949, 475	1, 849, 475	4, 433, 977	4, 533, 977	5, 126, 337	6, 126, 337
1, 971, 857	1, 971, 957	4, 439, 088	4, 539, 088	5, 126, 338	6, 126, 338
2, 034, 427	2, 034, 627	4, 439, 115	4, 539, 115	5, 126, 341	6, 126, 341
2, 064, 890	2, 064, 800	4, 439, 172	4, 539, 172	5, 126, 354	6, 126, 354
2, 111, 078	2, 111, 074	4, 439, 202	4, 539, 202	5, 126, 359	6, 126, 359
2, 119, 876	2, 119, 776	4, 439, 318	4, 539, 318	5, 126, 368	6, 126, 368
2, 159, 451	2, 199, 451	4, 439, 387	4, 539, 387	5, 126, 369	6, 126, 369
2, 249, 644	2, 249, 544	4, 469, 570	4, 469, 870	5, 126, 378	6, 126, 378
2, 287, 204	2, 387, 204	4, 485, 086	4, 485, 085	5, 126, 389	6, 126, 389

Temporary Bonds—Continued.

FOURTH 4½'S—Continued.		FOURTH 4½'S—Continued.		FOURTH 4½'S—Continued.	
\$50 DENOMINATION—Continued.		\$50 DENOMINATION—Continued.		\$50 DENOMINATION—Continued.	
Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.
5, 126, 392	6, 126, 392	7, 652, 889	652, 889	8, 991, 763	8, 997, 763
5, 126, 394	6, 126, 394	7, 663, 647	7, 664, 647	9, 119, 526	9, 119, 626
5, 126, 430	6, 126, 430	7, 664, 779	7, 663, 779	9, 142, 017	9, 147, 017
5, 126, 503	6, 126, 503	7, 724, 663	7, 224, 663	9, 142, 018	9, 147, 018
5, 126, 504	6, 126, 504	7, 774, 966	7, 775, 966	9, 368, 187	9, 371, 187
5, 126, 505	6, 126, 505	7, 835, 610	7, 833, 610	9, 405, 834	9, 404, 834
5, 295, 330	5, 295, 230	7, 893, 806	7, 893, 956	9, 405, 838	9, 404, 838
5, 469, 348	5, 466, 348	7, 899, 989	7, 889, 989	9, 405, 908	9, 404, 908
5, 470, 063	5, 477, 063	7, 905, 513	7, 905, 913	9, 405, 934	9, 404, 934
5, 543, 602	5, 643, 602	7, 962, 613	7, 962, 813	9, 405, 995	9, 404, 995
5, 543, 603	5, 643, 603	7, 974, 374	7, 975, 374	9, 426, 238	9, 426, 338
5, 543, 761	5, 643, 761	8, 034, 258	8, 034, 358	9, 498, 152	8, 498, 152
5, 543, 820	5, 643, 820	8, 034, 316	8, 034, 416	9, 534, 480	9, 534, 840
5, 672, 262	5, 672, 362	8, 043, 252	8, 043, 352	9, 602, 660	9, 602, 760
5, 683, 119	5, 683, 219	8, 043, 264	8, 043, 364	9, 827, 644	9, 829, 644
5, 826, 919	5, 826, 949	8, 074, 918	8, 174, 918	9, 868, 169	9, 869, 169
5, 830, 339	5, 832, 339	8, 101, 465	8, 101, 565	10, 129, 566	10, 129, 556
5, 867, 797	4, 867, 797	8, 141, 999	8, 142, 999	10, 221, 869	10, 221, 889
5, 978, 639	5, 978, 619	8, 170, 580	8, 176, 580	10, 352, 807	10, 352, 907
6, 017, 638	6, 017, 738	8, 170, 829	8, 171, 829	10, 584, 153	10, 587, 153
6, 108, 435	6, 108, 735	8, 185, 580		10, 754, 525	
6, 218, 987	6, 218, 687	8, 196, 535	8, 190, 535	10, 885, 576	16, 885, 576
6, 236, 739	6, 236, 779	8, 205, 944	8, 199, 944	10, 889, 467	10, 889, 967
6, 262, 542	6, 262, 642	8, 219, 219		11, 222, 118	11, 221, 118
6, 269, 848	6, 269, 948	8, 363, 301	8, 463, 301	11, 249, 169	10, 249, 169
6, 269, 852	6, 269, 952	8, 432, 933	6, 432, 933	11, 304, 447	12, 304, 447
6, 352, 612	6, 452, 612	8, 501, 647	8, 495, 647	11, 308, 347	11, 308, 647
6, 416, 851	6, 416, 951	8, 546, 868	8, 542, 868	11, 311, 073	11, 311, 173
6, 431, 551	6, 431, 951	8, 556, 388	8, 550, 388	11, 324, 045	11, 334, 045
6, 650, 954	6, 750, 954	8, 559, 101	8, 565, 101	11, 396, 554	11, 396, 654
6, 769, 974	6, 799, 974	8, 559, 388		11, 396, 556	11, 396, 656
6, 776, 701	6, 777, 701	8, 559, 489	8, 565, 489	11, 396, 557	11, 396, 657
6, 777, 563	6, 777, 863	8, 620, 021	8, 626, 021	11, 396, 576	11, 396, 676
6, 812, 771		8, 719, 369	4, 719, 369	11, 432, 368	10, 432, 368
6, 969, 291	5, 969, 291	8, 789, 281	8, 798, 281	11, 509, 990	11, 500, 990
6, 986, 162	6, 984, 162	8, 795, 339		11, 562, 785	11, 569, 785
7, 079, 166	7, 679, 166	8, 838, 498	8, 836, 498	11, 574, 809	11, 594, 809
7, 130, 021	7, 130, 921	8, 838, 527	8, 836, 527	11, 622, 513	11, 652, 513
7, 157, 761	7, 157, 861	8, 859, 060	8, 859, 260	11, 774, 221	11, 074, 221
7, 185, 567	7, 186, 567	8, 863, 747	8, 862, 747	12, 041, 414	12, 044, 414
7, 210, 625	7, 211, 625	8, 924, 237	8, 924, 237	12, 137, 505	12, 137, 507
7, 315, 766	7, 315, 966	8, 961, 649	8, 966, 149	12, 429, 254	12, 429, 354
7, 378, 171	7, 378, 071	8, 971, 510	8, 977, 510	12, 434, 563	12, 434, 863
7, 434, 582	7, 433, 582	8, 971, 553		12, 461, 367	12, 461, 267
7, 434, 621	7, 433, 621	8, 991, 128	8, 997, 128	12, 464, 425	1, 246, 425
7, 434, 622	7, 433, 622	8, 991, 113	8, 997, 143	12, 465, 966	13, 465, 966
7, 434, 623	7, 433, 623	8, 991, 219	8, 997, 219	12, 569, 227	12, 559, 227
7, 434, 636	7, 433, 636	8, 991, 242	8, 997, 242	12, 776, 853	12, 776, 053
7, 434, 753	7, 433, 753	8, 991, 343	8, 997, 343	12, 797, 965	12, 798, 965
7, 434, 821	7, 433, 821	8, 991, 350	8, 997, 350	12, 833, 313	12, 833, 413
7, 434, 835	7, 433, 835	8, 991, 364	8, 997, 364	12, 890, 171	12, 890, 971
7, 434, 903	7, 433, 903	8, 991, 379	8, 997, 379	13, 142, 438	13, 142, 434
7, 434, 962	7, 433, 962	8, 991, 498	8, 997, 498	13, 198, 015	13, 199, 015
7, 448, 215	7, 448, 015	8, 991, 646	8, 997, 646	13, 232, 789	13, 234, 789
7, 503, 995	7, 502, 995	8, 991, 697	8, 997, 697	13, 253, 898	13, 253, 998
7, 626, 943	7, 826, 943	8, 991, 719	8, 997, 719	13, 261, 088	13, 261, 288

Temporary Bonds—Continued.

FOURTH 4 1/4'S—Continued.		FOURTH 4 1/4'S—Continued.		FOURTH 4 1/4'S—Continued.	
\$50 DENOMINATION—Continued.		\$100 DENOMINATION.		\$100 DENOMINATION—Continued.	
Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.
13, 324, 884	13, 328, 884	82, 236	83, 236	2, 178, 732	2, 181, 732
13, 433, 305	13, 433, 405	85, 521	87, 521	2, 290, 873	2, 296, 873
13, 553, 914	13, 554, 914	110, 763	110, 863	2, 325, 421	2, 335, 421
13, 597, 949	13, 697, 949	198, 670	198, 970	2, 462, 819	2, 464, 819
13, 634, 756	13, 634, 856	250, 252	250, 352	2, 462, 820	2, 464, 820
13, 645, 446	13, 645, 466	363, 410	393, 410	2, 561, 599	2, 561, 559
13, 679, 466	13, 879, 466	550, 356	599, 356	2, 573, 050	2, 473, 050
14, 098, 376	14, 098, 736	550, 357	599, 357	2, 573, 332	2, 563, 432
14, 101, 368		550, 358	599, 358	2, 601, 548	2, 601, 648
14, 620, 035	14, 620, 135	550, 359	599, 359	2, 621, 285	2, 621, 185
14, 620, 178	14, 620, 278	550, 360	599, 360	2, 653, 379	2, 655, 379
14, 805, 107	15, 805, 107	550, 361	599, 361	2, 760, 168	2, 761, 168
15, 388, 795	15, 398, 895	550, 363	599, 363	2, 767, 672	2, 768, 672
15, 388, 875	15, 288, 875	550, 365	599, 365	2, 898, 013	2, 968, 013
15, 531, 281	15, 532, 281	550, 366	599, 366	2, 898, 302	2, 968, 302
15, 647, 008	15, 644, 008	550, 367	599, 367	2, 898, 312	2, 968, 312
15, 664, 536	15, 664, 636	550, 370	599, 370	2, 898, 321	2, 968, 321
15, 725, 787	15, 725, 707	550, 373	599, 373	2, 898, 358	2, 968, 358
15, 750, 254	15, 750, 354	550, 374	599, 374	2, 898, 359	2, 968, 359
15, 782, 495	15, 782, 595	550, 376	599, 376	2, 898, 369	2, 968, 369
15, 793, 623	15, 793, 723	550, 377	599, 377	2, 898, 384	2, 968, 384
15, 863, 316	15, 863, 616	550, 378	599, 378	2, 898, 386	2, 968, 386
16, 010, 112	16, 010, 012	550, 379	599, 379	2, 898, 390	2, 968, 390
16, 401, 912		550, 380	599, 380	2, 898, 391	2, 968, 391
16, 438, 374	16, 438, 474	550, 381	599, 381	2, 898, 415	2, 968, 415
16, 534, 052	16, 532, 052	550, 382	599, 382	2, 898, 417	2, 968, 417
16, 576, 454		550, 383	599, 383	2, 898, 418	2, 968, 418
16, 657, 490	16, 657, 390	550, 384	599, 384	2, 898, 472	2, 968, 472
16, 695, 105	16, 695, 106	550, 385	599, 385	2, 898, 503	2, 968, 503
16, 928, 487	16, 938, 487	550, 386	599, 386	2, 898, 524	2, 968, 524
17, 010, 544	17, 070, 544	550, 387	599, 387	2, 898, 526	2, 968, 526
17, 140, 096	17, 140, 296	603, 924	623, 924	2, 898, 534	2, 968, 534
17, 405, 453	17, 405, 553	637, 587	637, 687	2, 898, 535	2, 968, 535
17, 425, 593	17, 425, 693	735, 180	235, 180	2, 898, 536	2, 968, 536
17, 428, 785	17, 429, 785	896, 614	899, 614	2, 898, 540	2, 968, 540
17, 428, 845	17, 429, 845	979, 990		2, 898, 541	2, 968, 541
17, 458, 813	17, 458, 913	1, 112, 608	1, 112, 808	2, 898, 545	2, 968, 545
17, 516, 823	17, 516, 923	1, 188, 990	1, 188, 890	2, 898, 550	2, 968, 550
17, 526, 064	17, 526, 164	1, 420, 358	1, 421, 358	2, 898, 553	2, 968, 553
17, 529, 848	17, 529, 948	1, 500, 527	1, 520, 327	2, 898, 555	2, 968, 555
17, 604, 922	17, 603, 922	1, 500, 528	1, 520, 328	2, 898, 556	2, 968, 556
17, 604, 930	17, 603, 930	1, 539, 025	1, 530, 925	2, 898, 557	2, 968, 557
17, 604, 938	17, 603, 938	1, 667, 755		2, 898, 562	2, 968, 562
17, 604, 948	17, 603, 948	1, 667, 801	1, 664, 801	2, 898, 605	2, 968, 605
17, 604, 949	17, 603, 949	1, 747, 004	1, 747, 704	2, 898, 700	2, 968, 700
17, 604, 950	17, 603, 950	1, 756, 543	1, 756, 643	2, 898, 728	2, 968, 728
17, 604, 951	17, 603, 951	1, 766, 990	1, 764, 999	2, 898, 729	2, 968, 729
17, 604, 953	17, 603, 953	1, 780, 993	1, 780, 093	2, 898, 730	2, 968, 730
17, 840, 243	17, 840, 643	1, 813, 644	7, 813, 644	2, 898, 778	2, 968, 778
17, 860, 785	17, 860, 185	1, 839, 199	1, 839, 299	2, 898, 779	2, 968, 779
17, 892, 588	17, 892, 488	1, 913, 817		2, 975, 411	2, 978, 411
17, 900, 862	17, 900, 962	2, 075, 729	2, 175, 729	2, 988, 358	2, 988, 458
17, 900, 896	17, 900, 996	2, 080, 105	2, 077, 105	3, 033, 084	3, 033, 284
17, 914, 416	17, 940, 416	2, 109, 966	3, 194, 765	3, 194, 965	
17, 983, 638	17, 984, 638	2, 114, 047	2, 214, 047	3, 245, 327	3, 245, 527
18, 002, 062	11, 002, 062	2, 125, 956	2, 125, 966	3, 367, 663	3, 267, 663

Temporary Bonds—Continued.

FOURTH 4½'S—Continued.		FOURTH 4½'S—Continued.		FOURTH 4½'S—Continued.	
\$100 DENOMINATION—Contd.		\$100 DENOMINATION—Contd.		\$500 DENOMINATION.	
Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.
3, 387, 425	3, 887, 425	6, 868, 610	6, 868, 910	268, 235	263, 235
3, 388, 869	3, 388, 969	7, 030, 315	7, 033, 315	396, 744	396, 944
3, 416, 574	3, 410, 574	7, 065, 284	7, 165, 284	555, 087	557, 087
3, 535, 762	3, 536, 762	7, 203, 840	7, 203, 940	616, 057	617, 057
3, 549, 249	3, 549, 294	7, 225, 040		616, 059	617, 059
3, 588, 737	3, 588, 797	7, 225, 863	7, 225, 893	616, 436	617, 436
3, 590, 996	3, 590, 966	7, 445, 029	7, 455, 029		
3, 720, 132	3, 717, 132	7, 542, 462	7, 542, 062		
3, 720, 134	3, 717, 131	7, 597, 186	7, 598, 186		
3, 720, 157	3, 717, 157	7, 619, 063	7, 619, 163		
3, 720, 205	3, 717, 205	7, 631, 356	8, 631, 356		
3, 720, 217	3, 717, 217	7, 751, 536	7, 752, 536		
3, 779, 945	3, 774, 945	7, 753, 196	7, 754, 196		
3, 823, 844		7, 812, 172	7, 912, 172		
3, 919, 786	3, 919, 796	7, 812, 189	7, 912, 189		
4, 014, 452	4, 014, 552	8, 020, 458	8, 020, 457	495, 254	475, 254
4, 127, 719	4, 128, 719	8, 100, 820	8, 101, 820	505, 002	505, 502
4, 163, 731	4, 133, 731	8, 147, 515	8, 148, 515	598, 660	598, 160
4, 201, 228	4, 201, 428	8, 147, 516	8, 148, 516	712, 271	712, 171
4, 436, 413	4, 430, 513	8, 147, 517	8, 148, 517	770, 766	770, 866
4, 447, 081	4, 447, 481	8, 369, 077	8, 368, 077	927, 734	927, 834
4, 541, 938	4, 541, 939	8, 646, 849	8, 646, 449	1, 008, 398	1, 002, 398
4, 917, 088	4, 917, 188	8, 714, 112	8, 714, 212	1, 019, 857	1, 019, 957
5, 051, 532	5, 551, 532	8, 717, 238	8, 717, 338	1, 067, 753	1, 061, 753
5, 285, 524	5, 285, 224	8, 779, 505	8, 779, 605	1, 316, 569	1, 316, 559
5, 285, 525	5, 285, 225	8, 790, 870	8, 790, 970	1, 417, 889	1, 417, 989
5, 448, 798	5, 448, 298	8, 853, 653	8, 853, 553	1, 625, 238	1, 625, 338
5, 448, 959	5, 447, 959	8, 932, 084	8, 532, 084	1, 673, 612	1, 673, 912
5, 538, 644	5, 537, 644	8, 978, 141	8, 978, 241	1, 689, 990	1, 679, 990
5, 578, 251	5, 568, 251	9, 035, 426	9, 035, 626	1, 689, 995	1, 679, 995
5, 578, 426	5, 568, 426	9, 081, 071	9, 081, 070	1, 689, 997	1, 679, 997
5, 578, 486	5, 568, 486	9, 141, 467	9, 141, 461	2, 338, 111	2, 238, 111
5, 578, 497	5, 568, 497	9, 144, 763	9, 144, 863	2, 338, 113	2, 238, 113
5, 578, 760	5, 568, 760	9, 259, 833	9, 259, 933	2, 338, 114	2, 238, 114
5, 578, 772	5, 568, 772	9, 271, 294	9, 471, 294	2, 338, 115	2, 238, 115
5, 744, 466	5, 745, 466	9, 307, 289	9, 308, 289	2, 338, 116	2, 238, 116
5, 827, 882	5, 837, 882	9, 335, 609	9, 335, 809	2, 338, 117	2, 238, 117
5, 846, 967	5, 946, 967	9, 336, 006	9, 336, 306	2, 338, 118	2, 238, 118
5, 892, 210	5, 892, 810	9, 366, 577	9, 336, 577	2, 338, 119	2, 238, 119
6, 016, 671	6, 016, 771	9, 381, 990	9, 381, 890	2, 338, 120	2, 238, 120
6, 059, 822	6, 059, 922	9, 394, 253	9, 394, 353	2, 338, 121	2, 238, 121
6, 113, 495	6, 113, 395	9, 445, 141	9, 445, 641	2, 338, 122	2, 238, 122
6, 145, 561	6, 146, 561	9, 487, 219	9, 487, 419	2, 338, 123	2, 238, 123
6, 222, 877	6, 226, 877	9, 584, 351	9, 588, 351	2, 338, 124	2, 238, 124
6, 249, 876	6, 249, 976	9, 691, 464	9, 691, 564	2, 338, 125	2, 238, 125
6, 424, 031	6, 434, 031	10, 304, 352		2, 338, 126	2, 238, 126
6, 442, 597	6, 442, 579	10, 360, 233	10, 360, 633	2, 338, 127	2, 238, 127
6, 509, 362	6, 509, 562	10, 399, 611	10, 396, 611	2, 338, 128	2, 238, 128
6, 533, 803	8, 533, 803	10, 417, 158	10, 417, 058	2, 338, 130	2, 238, 130
6, 696, 210	6, 693, 210	10, 525, 088	10, 525, 089	2, 338, 131	2, 238, 131
6, 699, 014	6, 799, 014	10, 564, 836	10, 564, 936	2, 338, 132	2, 238, 132
6, 753, 460	6, 753, 560	10, 757, 095	10, 758, 095	2, 338, 133	2, 238, 133
6, 815, 647		15, 301, 975	5, 301, 975	2, 338, 134	2, 238, 134
6, 840, 380	6, 840, 680	16, 199, 700	10, 199, 700	2, 338, 135	2, 238, 135

Temporary Bonds—Continued.**FOURTH 4½'S—Continued.****\$1,000 DENOMINATION—Contd.**

Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.
2, 338, 136	2, 238, 136	2, 338, 175	2, 238, 175	2, 338, 215	2, 238, 215
2, 338, 137	2, 238, 137	2, 338, 176	2, 238, 176	2, 338, 216	2, 238, 216
2, 338, 138	2, 238, 138	2, 338, 177	2, 238, 177	2, 338, 217	2, 238, 217
2, 338, 139	2, 238, 139	2, 338, 178	2, 238, 178	2, 338, 218	2, 238, 218
2, 338, 140	2, 238, 140	2, 338, 179	2, 238, 179	2, 338, 219	2, 238, 219
2, 338, 141	2, 238, 141	2, 338, 180	2, 238, 180	2, 338, 220	2, 238, 220
2, 338, 142	2, 238, 142	2, 338, 181	2, 238, 181	2, 338, 221	2, 238, 221
2, 338, 143	2, 238, 143	2, 338, 182	2, 238, 182	2, 338, 222	2, 238, 222
2, 338, 144	2, 238, 144	2, 338, 183	2, 238, 183	2, 338, 223	2, 238, 223
2, 338, 145	2, 238, 145	2, 338, 184	2, 238, 184	2, 338, 224	2, 238, 224
2, 338, 146	2, 238, 146	2, 338, 185	2, 238, 185	2, 338, 225	2, 238, 225
2, 338, 147	2, 238, 147	2, 338, 186	2, 238, 186	2, 338, 226	2, 238, 226
2, 338, 148	2, 238, 148	2, 338, 187	2, 238, 187	2, 338, 227	2, 238, 227
2, 338, 149	2, 238, 149	2, 338, 188	2, 238, 188	2, 338, 228	2, 238, 228
2, 338, 150	2, 238, 150	2, 338, 189	2, 238, 189	2, 338, 229	2, 238, 229
2, 338, 151	2, 238, 151	2, 338, 190	2, 238, 190	2, 338, 230	2, 238, 230
2, 338, 152	2, 238, 152	2, 338, 191	2, 238, 191	2, 338, 231	2, 238, 231
2, 338, 153	2, 238, 153	2, 338, 192	2, 238, 192	2, 338, 232	2, 238, 232
2, 338, 154	2, 238, 154	2, 338, 193	2, 238, 193	2, 338, 233	2, 238, 233
2, 338, 155	2, 238, 155	2, 338, 194	2, 238, 194	2, 338, 234	2, 238, 234
2, 338, 156	2, 238, 156	2, 338, 195	2, 238, 195	2, 338, 235	2, 238, 235
2, 338, 157	2, 238, 157	2, 338, 196	2, 238, 196	2, 338, 236	2, 238, 236
2, 338, 158	2, 238, 158	2, 338, 197	2, 238, 197	2, 338, 237	2, 238, 237
2, 338, 159	2, 238, 159	2, 338, 198	2, 238, 198	2, 338, 238	2, 238, 238
2, 338, 160	2, 238, 160	2, 338, 199	2, 238, 199	2, 338, 403	2, 238, 403
2, 338, 161	2, 238, 161	2, 338, 200	2, 238, 200	2, 338, 752	2, 238, 752
2, 338, 162	2, 238, 162	2, 338, 202	2, 238, 202	2, 338, 824	2, 238, 824
2, 338, 163	2, 238, 163	2, 338, 203	2, 238, 203	2, 338, 848	2, 238, 848
2, 338, 164	2, 238, 164	2, 338, 204	2, 238, 204	2, 338, 911	2, 238, 911
2, 338, 165	2, 238, 165	2, 338, 205	2, 238, 205	2, 523, 008 ¹	
2, 338, 166	2, 238, 166	2, 338, 206	2, 238, 206	2, 591, 285	2, 592, 285
2, 338, 167	2, 238, 167	2, 338, 207	2, 238, 207		
2, 338, 168	2, 238, 168	2, 338, 208	2, 238, 208		
2, 338, 169	2, 238, 169	2, 338, 209	2, 238, 209		
2, 338, 170	2, 238, 170	2, 338, 210	2, 238, 210		
2, 338, 171	2, 238, 171	2, 338, 211	2, 238, 211		
2, 338, 172	2, 238, 172	2, 338, 212	2, 238, 212		
2, 338, 173	2, 238, 173	2, 338, 213	2, 238, 213	2, 538	2, 858
2, 338, 174	2, 238, 174	2, 338, 214	2, 238, 214	15, 437	15, 537

\$5,000 DENOMINATION.¹ Stolen from Bureau; does not bear Treasury seal or recorder's initials.

Permanent Bonds.

FIRST 3½'S.		FIRST 3½'S—Continued.		THIRD 4¼'S—Continued.	
\$50 DENOMINATION.		\$1,000 DENOMINATION.		\$50 DENOMINATION—Continued.	
Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.
186, 765	186, 755	67, 234	67, 284	3, 788, 231	3, 788, 281
210, 213	210, 013	516, 575	516, 573	3, 802, 855	3, 802, 055
239, 163	239, 663	1, 057, 118	1, 057, 618	3, 802, 857	3, 802, 057
288, 038	288, 028			3, 802, 984	3, 802, 684
450, 056	450, 356			3, 815, 238	3, 815, 038
452, 265	452, 365			3, 919, 939	
561, 720	561, 820				
654, 368	654, 468				
664, 340	664, 440				
681, 831	681, 531				
702, 545	702, 045				
724, 184	724, 134				
755, 675	755, 775				
782, 468	782, 668				
833, 361	832, 361				
960, 965	960, 865				
1, 059, 365	1, 059, 465				
1, 222, 914	1, 223, 014				
1, 322, 833	1, 322, 933				
1, 358, 207	1, 353, 207				
1, 567, 187	1, 568, 187				
1, 585, 849					
1, 641, 010	1, 641, 110				
1, 885, 533	1, 885, 233				
1, 928, 624	1, 929, 624				
\$100 DENOMINATION.		\$1,000 DENOMINATION.		\$1,000 DENOMINATION.	
		330, 428	380, 428	184, 628	184, 528
		138, 641	136, 641	1, 682, 826	1, 682, 626
				2, 579, 481	
				4, 210, 447	4, 210, 347
SECOND 4¼'S.		\$1,000 DENOMINATION.		\$1,000 DENOMINATION.	
		2, 086, 054	2, 086, 254	932, 789	932, 689
\$50 DENOMINATION.		\$1,000 DENOMINATION.		VICTORY 4¾'S.	
		(Star) 4, 620	(Star) 4, 820		
		774, 731	774, 831		
		944, 265	944, 465		
		944, 266	944, 466		
		1, 083, 987	1, 083, 937		
THIRD 4¼'S.		\$50 DENOMINATION.		\$50 DENOMINATION.	
		388, 600	388, 500	1, 051, 184	
		823, 239		1, 059, 064	
		864, 551	864, 851	1, 203, 731	
		1, 876, 798	1, 876, 898	1, 220, 729	
		2, 798, 106	2, 798, 006	1, 226, 110	
		2, 798, 108	2, 798, 008	1, 226, 127	
		2, 798, 109	2, 798, 009	1, 226, 156	
		2, 798, 122	2, 797, 122	1, 226, 298	
				1, 226, 313	
				1, 226, 330	
				1, 226, 368	
				1, 259, 031	
				1, 362, 684	
				1, 372, 969	
				1, 374, 345	
				1, 549, 910	
				1, 807, 501	
				2, 034, 564	
				2, 101, 825	
				2, 188, 982	
				2, 208, 231	
				2, 269, 877	
				2, 291, 006	
				2, 294, 408	
				2, 363, 310	
				2, 457, 713	

¹ Three sheets of coupons on this bond are numbered 749,229.

\$500 DENOMINATION.

99, 207 99, 257

Permanent Bonds—Continued.

VICTORY 4 3/4'S—Continued.		VICTORY 4 3/4'S—Continued.		VICTORY 4 3/4'S—Continued.	
\$50 DENOMINATION—Continued.		\$50 DENOMINATION—Continued.		\$100 DENOMINATION—Continued.	
Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.
2, 626, 973		6, 446, 767		2, 181, 302	
2, 636, 944		6, 455, 598		2, 181, 303	
2, 717, 431		6, 456, 427		2, 181, 304	
3, 000, 794		6, 614, 895		2, 189, 912	
3, 010, 369		7, 142, 852		2, 197, 724	
3, 041, 496		7, 163, 524		2, 207, 349	
3, 076, 623		7, 249, 889		2, 228, 819	
3, 084, 454		7, 437, 904		2, 275, 631	
3, 151, 878		7, 438, 599		2, 299, 301	
3, 267, 456		8, 094, 457		2, 387, 629	
3, 281, 336		8, 247, 912		2, 416, 896	
3, 423, 726		8, 247, 913		3, 061, 606	
3, 442, 171		8, 348, 450		3, 083, 814	
3, 443, 980		8, 441, 744		3, 122, 237	
3, 502, 593		8, 457, 294		3, 183, 780	
3, 625, 526		8, 535, 347		3, 183, 830	
3, 700, 876		8, 658, 514		3, 183, 831	
3, 717, 322		9, 119, 542		3, 285, 251	
3, 721, 744		9, 128, 798		3, 285, 729	
4, 005, 105		9, 320, 800		3, 535, 937	
4, 008, 355		9, 320, 842		3, 537, 793	
4, 120, 487		9, 522, 356		3, 581, 445	
4, 201, 646		9, 591, 671		4, 090, 839	
4, 260, 739		10, 053, 390		4, 109, 130	
4, 279, 092		10, 137, 788		4, 209, 860	
4, 383, 654		10, 185, 243		4, 276, 937	
4, 430, 765		10, 352, 648		4, 375, 244	
4, 432, 052		10, 458, 626		4, 384, 577	
4, 457, 863		10, 469, 395		4, 391, 365	
4, 466, 907		10, 527, 857		4, 540, 087	
4, 474, 156		10, 583, 309		5, 192, 792	
4, 678, 919		10, 665, 897		5, 225, 699	
5, 013, 603		11, 242, 887		5, 263, 011	
5, 067, 621		11, 282, 464		5, 324, 635	
5, 074, 143		11, 329, 640		5, 393, 877	
5, 092, 866		11, 416, 427		5, 434, 027	
5, 092, 923		11, 447, 728		5, 481, 374	
5, 185, 513		11, 637, 387		6, 015, 852	
5, 224, 761		12, 002, 005		6, 015, 853	
5, 232, 679		12, 321, 128		6, 181, 803	
5, 248, 721		12, 333, 324		6, 203, 597	
5, 262, 646		12, 336, 325		6, 243, 502	
5, 373, 319		12, 402, 373		6, 347, 314	
5, 475, 057				6, 369, 788	
5, 544, 223				6, 414, 984	
5, 563, 756				6, 426, 332	
5, 833, 831				7, 219, 514	
6, 144, 422				7, 306, 888	
6, 145, 919				8, 057, 065	
6, 161, 440		1, 084, 305		8, 058, 734	
6, 233, 800		1, 134, 367		8, 325, 987	
6, 240, 666		1, 236, 255		9, 084, 399	
6, 240, 676		1, 319, 846		9, 458, 534	
6, 292, 062		1, 457, 536		10, 014, 928	
6, 320, 333		1, 474, 401		10, 176, 193	
6, 338, 322		2, 101, 426		11, 006, 792	

¹ See footnote on page 106.

Permanent Bonds—Continued.

VICTORY 4 $\frac{3}{4}$ 'S—Continued.		VICTORY 4 $\frac{3}{4}$ 'S—Continued.		VICTORY 3 $\frac{3}{4}$ 'S.	
\$100 DENOMINATION—Continued.		\$1,000 DENOMINATION.		\$10,000 DENOMINATION.	
Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.
11, 126, 197 11, 258, 010 11, 404, 288 12, 096, 045 12, 449, 529	{ 1	821, 506 1, 462, 529 2, 300, 333	{ 1	85, 543 85, 544	82, 543 82, 544
\$500 DENOMINATION.					
419, 037 502, 752 511, 369 813, 373 900, 757 954, 150	{ 1	121, 754			
\$10,000 DENOMINATION.					
		61, 081 61, 092	61, 181 61, 192		

INTERIM CERTIFICATES.

Two Interim Certificates, First 3 $\frac{1}{2}$'s, bearing duplicated numbers, are held by Mr. Brewer, as follows:

Denomination:	Number.
\$50	1,980,043
\$100	511,945

The records indicate that number 1,982,043 is open and may be allocated to duplicated number 1,980,043. As yet no allocation has been made to certificate number 511,945.

¹ No numbers have been allotted for the reason that the posting of redeemed Victory notes is in arrears. As soon as the paid notes, aggregating about 2,000,000 pieces, have been entered upon the registers the appropriate numbers, offsetting these duplicate numbers, will be readily discernible.

LIST NO. 2.

BONDS, NOTES, CERTIFICATES OF INDEBTEDNESS, AND OTHER SECURITIES (EXCEPT INTEREST COUPONS) NOT RECORDED AS BEARING DUPLICATE NUMBERS, WITHDRAWN FROM OFFICE OF THE REGISTER OF THE TREASURY BY MR. BREWER.

SHOWING RESULT OF TREASURY'S INVESTIGATION.¹

Temporary Bonds.

FIRST 4'S.

\$50 DENOMINATION.

Security No.	Remarks.
1, 856, 913 2, 072, 235	Pertaining to large lot of bonds stolen in transit from Federal Reserve Bank of San Francisco. Robber apprehended, and claimed that he destroyed bonds. On this basis, with affidavits from Federal Reserve Bank that securities were canceled, credit was given to Federal Reserve Bank. These two bonds later were surrendered, showing that robber's statement was inaccurate or that Federal Reserve Bank incorrectly described the two bonds alleged to be stolen. No other bonds thus credited were ever surrendered. Federal Reserve Bank of San Francisco will be required to reimburse the Treasury on account of these two bonds.

\$100 DENOMINATION.

242, 773	Should be 224,773. Back reads 224,773; face reads 242,773. Bond No. 242,773 received in regular course, and bears no imperfection.
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SECOND 4'S.

\$50 DENOMINATION.

472, 427 575, 844 1, 206, 029 1, 206, 915 2, 578, 897 2, 579, 896 2, 690, 596 2, 759, 324 2, 806, 085 2, 806, 360	Number is 475,427 on back. Bond No. 472,427 is perfect. First digit removed. Correct number is 2,575,844. Number is 1,226,029 on back. Bond No. 1,206,029 is perfect. Number is 1,226,915 on back. Bond No. 1,206,915 is perfect. Number is 2,578,997 on back. Bond No. 2,578,897 is perfect. Number is 2,579,996 on back. Bond No. 2,579,896 is perfect. Number is 2,690,696 on back. Bond No. 2,690,596 is perfect. Number is 3,759,324 on back. Bond No. 3,759,324 is perfect. Number is 2,807,085 on back. Bond No. 2,806,085 is perfect. Number is 2,807,360 on back. Bond No. 2,806,360 is perfect.
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¹ In some instances the records of the Register's office indicate no irregularity, either alleged or otherwise, nor is any information available as to Mr. Brewer's reason for withdrawing the securities. It will be noted in some cases that both the bonds and paid interest coupons therefrom were withdrawn by Mr. Brewer. In some instances the security covered by the list is held by Mr. Brewer as well as the security bearing the similar number caused by erasure, improper cancellation, or alteration.

Temporary Bonds—Continued.

SECOND 4'S—Continued.

\$50 DENOMINATION—Continued.

Security No.	Remarks.
3, 000, 314	
3, 000, 357	
3, 000, 443	
3, 000, 468	
3, 000, 474	No information.
3, 000, 513	
3, 000, 572	
3, 000, 616	
3, 000, 650	
3, 100, 023	
3, 100, 026	
3, 100, 049	
3, 100, 063	
3, 100, 064	
3, 100, 065	
3, 100, 080	
3, 100, 095	
3, 100, 116	
3, 100, 118	
3, 100, 119	
3, 100, 120	
3, 100, 134	No information.
3, 100, 135	
3, 100, 148	
3, 100, 149	
3, 100, 152	
3, 100, 155	
3, 100, 156	
3, 100, 175	
3, 100, 177	
3, 100, 216	
3, 100, 223	
3, 100, 243	
3, 100, 252	
3, 100, 293	
3, 100, 344	
3, 100, 356	
3, 100, 398	
3, 100, 447	
3, 100, 477	
3, 100, 520	
3, 100, 521	The records of this Department indicate that two coupons, each maturing May 15, 1918, on 684 bonds in the run between 3,100,301 to 3,101,000 were received. In 16 instances, however, single coupons only were received. Department records further indicate that in the run between 3,109,301 to 3,110,000 coupons due May 15, 1918, in 684 instances were never paid or presented, but in 16 instances single coupons bearing corresponding numbers to the 16 coupons referred to in the previous run have been presented. There is no information with reference to discrepancies on the bonds.
3, 100, 524	
3, 100, 564	
3, 100, 574	
3, 100, 585	
3, 100, 586	
3, 100, 587	
3, 100, 588	
3, 100, 596	
3, 100, 626	
3, 100, 637	
3, 100, 658	
3, 100, 736	
3, 100, 737	

Temporary Bonds—Continued.**SECOND 4'S—Continued.****\$50 DENOMINATION—Continued.**

Security No.	Remarks.
3, 100, 753	
3, 100, 754	
3, 100, 755	
3, 100, 756	
3, 100, 757	
3, 100, 788	
3, 100, 807	
3, 100, 813	
3, 100, 825	
3, 100, 826	The records of this Department indicate that two coupons, each maturing May 15, 1918, on 684 bonds in the run between 3,100,301 to 3,101,000 were received. In 16 instances, however, single coupons only were received. Department records further indicate that in the run between 3,109,301 to 3,110,000 coupons due May 15, 1918, in 684 instances were never paid or presented, but in 16 instances single coupons bearing corresponding numbers to the 16 coupons referred to in the previous run have been presented. There is no information with reference to discrepancies on the bonds.
3, 100, 860	
3, 100, 883	
3, 100, 886	
3, 100, 887	
3, 100, 888	
3, 100, 889	
3, 100, 890	
3, 100, 891	
3, 100, 892	
3, 100, 893	
3, 100, 894	
3, 100, 895	
3, 100, 911	
3, 100, 935	
3, 100, 936	
3, 240, 165	Number is 3,242,165 on back. Bond number 3,240,165 received in regular course and bears no imperfection.
3, 691, 571	Last digit partly removed. Correct number is 3,691,574.
4, 923, 200	Overprinted with ink used for \$100 bonds. Number is above the high bond number for \$100 bonds.

\$100 DENOMINATION.

196, 312	Color of ink used on this bond corresponds to bond of the \$50 denomination.
3, 198, 893	Color of ink corresponds to a \$50 bond.
3, 274, 814	Color of ink corresponds to a \$50 bond.
4, 118, 487	Color of ink corresponds to a \$50 bond.
4, 596, 863	Number is 4,598,863 on back.
5, 165, 004	Number is 4,165,004 on back. Bond number 5,165,004 received in regular course and bears no imperfection.

\$500 DENOMINATION.

200, 210	No information.
200, 489 200, 518 200, 533 200, 663 200, 826	The records of this Department indicate that two coupons, each maturing May 15, 1918, on 660 bonds in the run between 200,301 to 201,000 were received. In 40 instances, however, single coupons only were received. Department records further indicate that in the run between 209,301 to 210,000 coupons due May 15, 1918, in 660 instances were never paid or presented, but in 40 instances single coupons bearing corresponding numbers to the 40 coupons referred to in the previous run have been presented. There is no information with reference to discrepancies on the bonds.

Temporary Bonds—Continued.

SECOND 4'S—Continued.

\$500 DENOMINATION—Continued.

Security No.	Remarks.
201, 001	
201, 002	
201, 006	
201, 050	No information.
201, 053	
201, 259	

SECOND 4½'S.

\$50 DENOMINATION.

24, 947	Last two digits removed.
95, 610	First and last digits removed.
569, 656	No information. (Make-up. No duplication. Original never received.)

\$500 DENOMINATION.

-4, 023	First digit removed. Correct number 54,023.
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\$1,000 DENOMINATION.

-,-, 5, 877	First three digits removed. Correct number 1,125,877.
-,-, 5, 878	First three digits removed. Correct number 1,125,878.
-,-, 5, 879	First three digits removed. Correct number 1,125,879.
-,-, 5, 880	First three digits removed. Correct number 1,125,880.

THIRD 4½'S.

\$50 DENOMINATION.

-, 142, 10-	First and last digits removed. Correct number 1,142,104.
-1, 505, 05-	First and last digits removed. Correct number 11,505,058.
-, 202, 468	First digit removed. Correct number 3,202,468.
-, 306, 274	First digit removed. Correct number 3,306,274.
-, 587, 632	First digit removed. Correct number 7,587,632.
4, 997, 546	
4, 997, 549	
4, 997, 551	
4, 997, 561	
4, 997, 563	
4, 997, 564	
4, 997, 579	
4, 997, 580	Coupons bearing these numbers have been withdrawn from files and delivered to
4, 997, 589	Mr. Brewer. Evidently a duplication of numbers on coupons but not on bonds.
4, 997, 598	From information available, it is not possible to allocate a number for coupons.
4, 997, 599	
4, 997, 600	
4, 997, 601	
4, 997, 602	
4, 997, 603	
4, 997, 604	

Temporary Bonds—Continued.**THIRD 4½'S—Continued.****\$50 DENOMINATION** Continued.

Security No.	Remarks.
4, 997, 605	
4, 997, 606	
4, 997, 607	
4, 997, 616	
4, 997, 627	
4, 997, 628	
4, 997, 630	
4, 997, 637	
4, 997, 642	
4, 997, 643	
4, 997, 644	
4, 997, 645	
4, 997, 650	
4, 997, 651	
4, 997, 652	
4, 997, 653	
4, 997, 656	
4, 997, 657	
4, 997, 664	
4, 997, 665	
4, 997, 671	
4, 997, 672	
4, 997, 699	
4, 997, 709	
4, 997, 724	
4, 997, 725	
4, 997, 737	Coupons bearing these numbers have been withdrawn from files and delivered to
4, 997, 743	Mr. Brewer. Evidently a duplication of numbers on coupons, but not on bonds.
4, 997, 763	From information available it is not possible to allocate numbers for coupons.
4, 997, 766	
4, 997, 773	
4, 997, 789	
4, 997, 793	
4, 997, 801	
4, 997, 803	
4, 997, 830	
4, 997, 834	
4, 997, 837	
4, 997, 840	
4, 997, 841	
4, 997, 842	
4, 997, 856	
4, 997, 872	
4, 997, 873	
4, 997, 882	
4, 997, 884	
4, 997, 905	
4, 997, 929	
4, 997, 930	
4, 997, 947	
4, 997, 949	
4, 997, 952	
4, 997, 964	
4, 997, 975	
4, 997, 987	

Temporary Bonds—Continued.**THIRD 4½'S—Continued.****\$50 DENOMINATION—Continued.**

Security No.	Remarks.
11, 688, 096	
11, 688, 113	
11, 688, 114	
11, 688, 115	
11, 688, 116	
11, 688, 117	No information.

\$100 DENOMINATION.

2, 454, 25-	Last digit removed. Correct number 2,454,256.
6, 457, 38-	Last digit removed. Correct number 6,457,388.
3, 308, 505	No information.
6, 262, 486	Coloring of \$50 bond.
6, 263, 205	Coloring of \$50 bond.
6, 970, 384	Coloring of \$50 bond.

\$500 DENOMINATION.

52, 189	First digit removed. Correct number 552,189.
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\$1,000 DENOMINATION.

-79, 41-	First and last digits removed. Correct number 979,416.
17, 350	First digit obliterated. Correct number 517,350.
-79, 406	First digit removed. Correct number 979,406.
-79, 410	First digit removed. Correct number 979,410.
-79, 412	First digit removed. Correct number 979,412.
191, 260	Last digit tampered with to resemble 0. Correct number 194,269.
, 562, 380	First digit removed. Correct number 1,562,380.
, 562, 383	First digit removed. Correct number 1,562,383.
, 562, 384	First digit removed. Correct number 1,562,384.
1, 562, 374	
1, 562, 375	
1, 562, 376	
	Bonds received in regular course and bear no imperfections.
1, 562, 528	
1, 562, 534	
1, 562, 535	
1, 562, 536	
1, 562, 537	
	Bonds received in regular course and bear no imperfections.

Temporary Bonds—Continued.

FOURTH 4 $\frac{1}{4}$ 'S.

\$50 DENOMINATION.

Security No.	Remarks.
-, 181, 54-	First and last digits removed. Correct number 3,181,549.
-, -32, 710	First two digits removed. Correct number 6,432,710.
-, -80, 097	First two digits removed. Correct number 5,880,097.
-, 181, 852	First digit removed. Correct number 6,181,852.
-, 242, 068	First digit removed. Correct number 1,242,068.
-, 529, 672	First digit removed. Correct number 1,529,672.
-, 710, 394	First digit removed. Correct number 3,710,394.
10, 253, 24-	Last digit removed. Correct number 10,253,240.
10, 952, 21-	Last digit removed. Correct number 10,952,218.
-4, 840, 877	First digit removed. Correct number 14,840,877.
-4, 840, 878	First digit removed. Correct number 14,840,878.
-4, 840, 879	First digit removed. Correct number 14,840,879.
-4, 840, 881	First digit removed. Correct number 14,840,881.
-4, 840, 882	First digit removed. Correct number 14,840,882.
-4, 840, 883	First digit removed. Correct number 14,840,883.
-4, 840, 884	First digit removed. Correct number 14,840,884.
-4, 840, 885	First digit removed. Correct number 14,840,885.
-4, 840, 886	First digit removed. Correct number 14,840,886.
-4, 840, 888	First digit removed. Correct number 14,840,888.
-4, 840, 889	First digit removed. Correct number 14,840,889.
-4, 840, 890	First digit removed. Correct number 14,840,890.
-4, 840, 891	First digit removed. Correct number 14,840,891.
-4, 840, 892	First digit removed. Correct number 14,840,892.
-4, 840, 893	First digit removed. Correct number 14,840,893.
-4, 840, 895	First digit removed. Correct number 14,840,895.
-4, 840, 896	First digit removed. Correct number 14,840,896.
-4, 840, 897	First digit removed. Correct number 14,840,897.
-4, 840, 898	First digit removed. Correct number 14,840,898.
5, 268, 928	Overprint omitted.
6, 126, 032	No information.
6, 126, 039	
6, 126, 040	
6, 126, 050	
6, 126, 238	
6, 380, 618	First digit on coupons reads 9 instead of 6. Bonds should be numbered the same.
6, 380, 622	
6, 380, 624	
6, 380, 625	
6, 380, 630	
6, 380, 631	
6, 380, 633	
6, 380, 634	
6, 380, 635	
6, 380, 638	
6, 380, 639	
6, 380, 640	
6, 380, 643	
6, 380, 644	
6, 380, 648	
6, 380, 649	
6, 380, 651	
6, 380, 652	
6, 380, 653	
6, 380, 654	
6, 380, 660	

Temporary Bonds—Continued.**FOURTH 4 $\frac{1}{4}$ 'S—Continued.****\$50 DENOMINATION—Continued.**

Security No.	Remarks.
6, 380, 673	
6, 380, 674	
6, 380, 675	
6, 380, 676	
6, 380, 677	
6, 380, 678	
6, 380, 681	
6, 380, 683	
6, 380, 684	
6, 380, 685	
6, 380, 686	
6, 380, 687	
6, 380, 691	
6, 380, 692	
6, 380, 693	
6, 380, 694	
6, 380, 695	
6, 380, 697	
6, 380, 701	
6, 380, 702	
6, 380, 705	
6, 380, 707	
6, 380, 708	
6, 380, 709	
6, 380, 710	
6, 380, 711	
6, 380, 715	
6, 380, 716	
6, 380, 717	First digit on coupons reads 9 instead of 6. Bonds should be numbered the same.
6, 380, 718	
6, 380, 719	
6, 380, 720	
6, 380, 721	
6, 380, 722	
6, 380, 723	
6, 380, 724	
6, 380, 725	
6, 380, 726	
6, 380, 727	
6, 380, 728	
6, 380, 729	
6, 380, 730	
6, 380, 731	
6, 380, 732	
6, 380, 733	
6, 380, 734	
6, 380, 735	
6, 380, 736	
6, 380, 737	
6, 380, 738	
6, 380, 739	
6, 380, 740	
6, 380, 741	
6, 380, 742	
6, 380, 743	
6, 380, 744	

12, 681, 322 Last two digits removed. On schedule as 12,681,322. Correct number **12,681,311**.

Temporary Bonds—Continued.**FOURTH 4½'S—Continued.****\$100 DENOMINATION.**

Security No.	Remarks.
94, 2—	Last two digits removed. Correct number 94,210.
259, 92—	Last digit removed. Correct number 259,924.
-35, 639	First digit removed. Correct number 935,639.
411, 59—	Last digit removed. Correct number 411,591.
-, 123, 448	First digit removed. Correct number 6,123,448.
-, 165, 116	First digit removed. Correct number 9,165, 116.
-, 165, 117	First digit removed. Correct number 9,165,117.
-, 502, 828	First digit removed. Correct number 2,502,828.
6, 050, 34—	Last digit tampered with to resemble 8 instead of 2. Correct number 6,050,342.
6, 050, 348	Drawn out for purpose of comparison.
6, 602, 55—	Last digit removed. Correct number 6,602,555.
6, 748, 60—	Last digit removed. Correct number 6,748,606.
9, 165, 11—	Last digit removed. Correct number 9,165,118.
9, 269, 62—	Last digit removed. Correct number 9,269,624.
10, 000, 33—	Last digit removed. Correct number 10,000,337.
2, 968, 504	No information.
2, 968, 505	
2, 968, 537	
2, 968, 554	
2, 968, 558	
2, 968, 626	
9, 573, 335	Bond returned with three digits punched out. Claimed to be 9,573,335 causing duplication of numbers. Number should read 9,573,265.
9, 573, 355	Drawn out for purpose of comparison.

\$1,000 DENOMINATION.

2, 523, 006	Bond 2,523,008 also appears on List No. 1, page 103. One of the bonds of this number was stolen from the Bureau of Engraving and Printing. It does not bear the Treasury seal or the initials of a recorder. These defects were not detected by the Register upon receipt of the bond for credit. The other bonds were presumably withdrawn by Mr. Brewer as supporting evidence. Coupons bearing these numbers have been withdrawn from files and delivered to Mr. Brewer.
2, 523, 007	
2, 523, 008	
2, 523, 009	
2, 523, 010	

Permanent Bonds and Notes.

FIRST 3½'S.

\$50 DENOMINATION.

Security No.	Remarks.
102, 300	Bond is perfect. Taken to compare with 1,023,00(5).
577, 746	Number is 577,446 on coupons.
660, 135	Number is 660,136 on back.
660, 136	Number is 660,135 on back.
718, 018	Coupons Nos. 41-60 have same maturity date as coupons Nos. 1-20.
853, 115	Bond is in good order.
853, 215	Number is 853,115 on back.
862, 649	Number is 862,650 on back.
862, 650	Number is 862,649 on back.
862, 651	Number is 862,648 on back.
901, 353	Third sheet of coupons is numbered 1-20 instead of 41-60. Make-up type.
999, 719	Coupon No. 21 provides for interest of 88 cents instead of 87 cents.
999, 732	Do.
999, 752	Do.
999, 763	Do.
999, 764	Do.
999, 804	Do.
999, 834	Coupon No. 21 provides for interest of 87 cents in regular order.
999, 837	Do.
999, 910	Do.
999, 915	Do.
1, 023, 00-	Last digit removed. Correct number 1,023,005.
1, 090, 004	Number is 1,090,003 on back.
1, 140, 418	Number is 1,141,418 on back.
1, 254, 576	Number is 1,254,577 on back.
1, 254, 577	Number is 1,254,576 on back.
1, 388, 001	Coupon No. 10 is numbered 1,388,001.
1, 929, 514	Coupons Nos. 1-40 numbered 1,928,514.
1, 929, 525	Coupons Nos. 1-40 numbered 1,928,525.
1, 929, 686	Coupons Nos. 1-40 numbered 1,928,686.
1, 959, 904	Number is 1,959,903 on back.
2, 111, 285	Coupon No. 18 is numbered 2,121,285.
2, 111, 286	Coupon No. 18 is numbered 2,121,286.
2, 111, 364	Coupon No. 18 is numbered 2,121,364.

\$100 DENOMINATION.

69, 888	Number is 69,887 on back.
599, 560	Coupons Nos. 1-20 numbered 599,561.
728, 603	Number is 728,703 on back.
835, 925	Number is 835,825 on face.
853, 618	Number is 853,619 on back.
853, 619	Number is 853,618 on back.
1, 123, 795	Coupons Nos. 1-60 read 1,122,795.
1, 123, 796	Coupons Nos. 1-60 read 1,122,796.
1, 123, 797	Coupons Nos. 1-60 read 1,122,797.

\$500 DENOMINATION.

24, 274	All coupons numbered 41-60
155, 404	Coupons Nos. 41-60 dated same as coupons Nos. 1-20.

\$1,000 DENOMINATION.

802, 456	Number is 802,455 on back.
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Permanent Bonds and Notes—Continued.

FIRST-SECOND 4 $\frac{1}{4}$ 'S.**\$50 DENOMINATION.**

Security No.	Remarks.
24	Bond is discolored through fading; part of coupons discolored.

SECOND 4 $\frac{1}{4}$ 'S.**\$50 DENOMINATION.**

B-02, 942, 007	No. 8 coupon erroneously numbered B-02,942,027.
C-02, 942, 008	No. 8 coupon erroneously numbered C-02,942,028.
D-02, 942, 009	No. 8 coupon erroneously numbered D-02,942,029.

\$100 DENOMINATION.

471, 777	No. 8 coupon reads three digits higher.
471, 778	Do.
471, 779	Do.
471, 780	Do.
471, 781	Do.
471, 782	Do.
471, 783	Do.
471, 784	Do.
471, 785	Do.
471, 786	Do.
471, 787	Do.
471, 788	Do.
471, 828	Do.
471, 835	Do.
471, 836	Do.
471, 841	Do.
471, 888	Do.
471, 890	Do.
471, 891	Do.
471, 892	Do.
471, 893	Do.
471, 894	Do.
471, 919	Do.
471, 920	Do.
471, 921	Do.
471, 922	Do.
471, 923	Do.
471, 931	Do.
471, 932	Do.
471, 958	Do.
471, 961	Do.
471, 962	Do.
471, 982	Do.
471, 984	Do.
471, 985	Do.
471, 986	Do.
471, 992	Do.
471, 994	Do.

Permanent Bonds and Notes—Continued.

SECOND 4½'S—Continued.**\$1,000 DENOMINATION.**

Security No.	Remarks.
382, 422	First digit tampered with. Changed from 7 to 3.
382, 425	Do.
382, 432	Do.
382, 433	Do.
382, 434	Do.
382, 435	Do.
383, 017	Do.

FOURTH 4½'S.**\$5,000 DENOMINATION.**

—, 938, 487	First digits tampered with. Correct number 00,038,487.
—, 938, 493	First digits tampered with. Correct number 00,038,493.

VICTORY 4¾'S.**\$50 DENOMINATION.**

-3, 404, 974	Coupons 4-7 numbered 13,404,974.
9, 095, 901	Reads 9,095,901 on face. Correct number 9,094,901.

\$10,000 DENOMINATION.

61, 090	No information. Probably taken to compare with duplicate-numbered bond 61,092.
61, 091	
61, 093	
61, 094	
61, 190	
61, 191	
61, 193	
61, 194	

Registered Bonds.**THIRD 4¼'S.****\$100 DENOMINATION.**

375, 416	No information as to these bonds.
410, 795	
416, 795	
819, 379	

FOURTH 4½'S.**\$100 DENOMINATION.**

908, 933	No information as to these bonds.
908, 941	
908, 943	
1, 039, 204	

Certificates of Indebtedness.

No.	Issue.	Denomination.	No.	Issue.	Denomination.
33,997	Aug. 28, 1917	\$1,000	11,997	Sept. 17, 1917	\$10,000
34,997	Sept. 17, 1917	1,000	11,997	Oct. 18, 1917	10,000
35,997	Sept. 26, 1917	1,000	13,997	Sept. 26, 1917	10,000
39,997	Aug. 9, 1917	1,000	14,997	Aug. 9, 1917	10,000
11,997	Sept. 17, 1917	5,000	1,597	Aug. 28, 1917	100,000
11,997	Aug. 28, 1917	5,000	1,797	Sept. 17, 1917	100,000
15,997	Sept. 26, 1917	5,000	1,997	Aug. 9, 1917	100,000
14,997	Aug. 9, 1917	5,000	2,497	Oct. 18, 1917	100,000
15,997	Oct. 18, 1917	5,000	2,997	Sept. 26, 1917	100,000
11,997	Aug. 28, 1917	10,000			

The above certificates of indebtedness, as a part of unissued excess and canceled stock, in each instance were delivered to the Destruction Committee listed on schedules for destruction but, concurrently with such delivery, instructions were given to withhold from destruction these particular certificates and to deliver them for retention as specimens. Supplemental schedules covering such withholding were prepared. The cancellation and delivery of the certificates were certified to by the Destruction Committee, and receipt for such certificates given by the Division of Loans and Currency. The schedules clearly reflected the facts regarding the withholding.

No.	Issue.	Denomination.	No.	Issue.	Denomination.
7,951	Series B, 1922	\$500	5,792	Series B, 1922	\$1,000
7,951	Series B, 1922	500	5,792	Series B, 1922	1,000
7,998	Series B, 1922	500	5,793	Series B, 1922	1,000
7,998	Series B, 1922	500	5,793	Series B, 1922	1,000
20,764	Series B, 1922	500	5,860	Series B, 1922	1,000
20,764	Series B, 1922	500	5,860	Series B, 1922	1,000
2,318	Series B, 1922	1,000	1,288	Series B, 1922	5,000
2,318	Series B, 1922	1,000	1,288	Series B, 1922	5,000

With respect to the Certificates of Indebtedness, "Series B, 1922," held by Mr. Brewer and described above, the serial numbers have been obliterated in canceling by Federal reserve banks, but in no instance do they represent an actual duplication of numbers. Since both certificates in each case have been delivered to Mr. Brewer, the Committee has no means of determining the numbers, or portion thereof, which have been obliterated.

LIST NO. 3.

**DUPLICATE-NUMBERED BONDS, NOTES, CERTIFICATES OF INDEBTEDNESS, AND
OTHER SECURITIES (EXCEPT INTEREST COUPONS) DETECTED BY THE REGISTER
OF THE TREASURY BUT NOT WITHDRAWN BY MR. BREWER.**

SHOWING RESULT OF TREASURY'S INVESTIGATION.

NOTE.—Symbols have been used to indicate the following:

*=Both securities destroyed.

**=One security destroyed.

a=Security on file appears to be a "make-up."

b=Security on file does not appear to be a "make-up."

c=One security appears to be a "make-up," and one appears to be perfect.

Both securities appear to be "make-ups."

Temporary Bonds.

FIRST 4'S.		FIRST 4'S - Continued.		FIRST 4½'S - Continued.	
\$50 DENOMINATION.		\$500 DENOMINATION.		\$500 DENOMINATION.	
Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.
77, 770*	757, 770	67, 197*	114, 196*	169, 087*	
206, 800** <i>(a)</i>	216, 800	114, 196*	111, 195		
321, 483*	327, 683	148, 100*	148, 400		
557, 187*	556, 487	166, 675*			
770, 838** <i>(b)</i>	770, 738				
801, 774*	800, 774				
1, 058, 071*	1, 058, 971				
1, 109, 773*	1, 109, 973				
1, 161, 146*					
1, 225, 555** <i>(a)</i>	1, 235, 555				
1, 225, 556** <i>(a)</i>	1, 235, 556	43, 465*	43, 565	201, 686*	200, 786
1, 225, 557** <i>(a)</i>	1, 235, 557	49, 943*	49, 443	282, 283** <i>(b)</i>	282, 383
1, 341, 968*	1, 343, 968	122, 953*	147, 953	313, 270*	314, 270
2, 050, 325*	2, 051, 325			333, 054*	335, 054
				367, 080*	367, 480
				383, 087*	
				492, 929*	
				604, 282*	604, 382
				604, 283*	604, 383
				690, 804*	590, 804
				703, 645*	
				721, 099*	721, 799
				893, 184*	893, 384
				1, 050, 301*	1, 150, 301
				1, 050, 302*	1, 150, 302
				1, 050, 303*	1, 150, 303
				1, 050, 304*	1, 150, 304
				1, 050, 305*	1, 150, 305
				1, 206, 940*	1, 226, 940
				1, 683, 875*	1, 683, 975
				1, 808, 281*	1, 808, 481
				1, 809, 281*	1, 809, 481
				1, 967, 208*	1, 970, 208

Temporary Bonds—Continued.

SECOND 4'S—Continued.

\$50 DENOMINATION—Continued.

\$100 DENOMINATION.

\$500 DENOMINATION.

Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.
2, 232, 237*	3, 232, 237	163*	36, 163	123, 724*	113, 724
2, 236, 517*		11, 683***(b)	41, 553	146, 808*	164, 808
2, 333, 590*	2, 332, 590	91, 445*	31, 445	346, 749*	
2, 359, 223*	2, 359, 233	98, 121*	99, 121	650, 912*	651, 912
2, 577, 896*	2, 577, 996	209, 901*	229, 901		
2, 583, 029*	2, 583, 019	210, 336*	210, 636		
2, 645, 056*	2, 646, 056	211, 336*	211, 636		
2, 668, 333*	2, 678, 433	312, 184*			
2, 714, 761*	2, 714, 961	342, 892*	343, 892		
2, 806, 692*	2, 807, 692	387, 802*	380, 820		
2, 806, 757*	2, 807, 757	176, 261*	177, 261	1, 509*	2, 509
3, 103, 349*	3, 103, 449	601, 359*		135, 026*	136, 026
3, 240, 134*	3, 242, 134	639, 793*	639, 993	135, 027*	136, 027
3, 240, 807*	3, 242, 807	941, 383*	901, 383	135, 028*	136, 028
3, 240, 824*	3, 242, 824	1, 175, 011*		135, 029*	136, 029
3, 261, 815*	3, 262, 815	1, 479, 481*	1, 479, 471	240, 329*	241, 329
3, 261, 816*	3, 262, 816	1, 581, 902***(a)	1, 589, 902	258, 300*	258, 309
3, 393, 971*	3, 395, 471	1, 622, 745*	1, 625, 745	475, 555*	475, 655
3, 491, 765*	3, 291, 765	1, 622, 746*	1, 625, 746	555, 954*	557, 954
3, 500, 000*	3, 500, 020	1, 765, 575*	1, 764, 575	555, 955*	557, 955
3, 546, 622*	2, 546, 622	1, 853, 392*	1, 853, 892	618, 453*	618, 553
3, 578, 824*	4, 578, 824	1, 897, 209*	1, 597, 029	652, 114*	653, 114
3, 610, 049*	3, 610, 119	2, 106, 918*	2, 116, 918	731, 182*	741, 182
3, 667, 067*	3, 667, 767	2, 197, 072*	2, 199, 072	787, 290*	796, 290
3, 778, 567*	3, 778, 467	2, 229, 616*	2, 229, 716	878, 968*	876, 968
3, 823, 529*	3, 823, 829	2, 255, 234*	2, 355, 234	878, 969*	876, 969
4, 343, 889*	1, 314, 889	2, 301, 863*	2, 301, 763	878, 970*	876, 970
4, 373, 607*	4, 373, 677	2, 522, 702*	2, 524, 702	878, 971*	876, 971
4, 419, 996*	4, 419, 966	2, 893, 319*	2, 893, 339	878, 972*	876, 972
4, 836, 983*	4, 839, 983	2, 919, 591*	2, 932, 594	878, 973*	876, 973
4, 862, 445*		2, 999, 065*	2, 997, 065	878, 975*	876, 975
4, 926, 496*	4, 927, 496	2, 999, 099*	2, 997, 099	878, 976*	876, 976
4, 941, 097*	4, 942, 097	3, 243, 557*	2, 243, 557	878, 977*	876, 977
4, 968, 215*	4, 969, 215	3, 243, 558*	2, 243, 558	1, 150, 702*	1, 050, 702
5, 111, 650*	5, 115, 650	3, 262, 488*	3, 262, 438	1, 286, 506*	1, 284, 506
5, 123, 295*	5, 125, 295	3, 288, 887*	3, 288, 387	1, 287, 298*	1, 287, 289
5, 363, 673*	5, 463, 673	3, 588, 327*	3, 588, 527	1, 352, 370*	
5, 587, 184*	5, 587, 184	3, 588, 328*	3, 588, 528	1, 389, 158*	1, 391, 158
5, 622, 297*	5, 632, 297	3, 592, 719*	3, 593, 719	1, 582, 239*	1, 282, 239
5, 990, 037*	5, 990, 637	3, 887, 403*	3, 887, 703	1, 786, 707*	1, 686, 707
6, 036, 776*	6, 038, 776	3, 887, 404*	3, 887, 704		
6, 258, 122*	6, 258, 322	1, 097, 263*	4, 097, 563	1 Star bond.	2 Original bond.
6, 283, 701*	6, 383, 701	4, 164, 337*	4, 261, 337		
6, 698, 708*	6, 898, 708	4, 217, 639*	4, 267, 639		
6, 724, 961*	6, 724, 664	4, 383, 055*	4, 393, 055		
6, 787, 181*	6, 767, 181	4, 497, 508*			
7, 447, 598*		4, 497, 656*			
7, 463, 850*	7, 473, 850	4, 531, 230*	4, 531, 630		
7, 695, 278*	7, 675, 298	4, 555, 639*	4, 556, 639		
7, 627, 752*		4, 555, 640*	4, 556, 640		
7, 770, 820*	7, 700, 820	4, 617, 834*	4, 640, 234	16, 629*	6, 629

\$10,000 DENOMINATION.

Temporary Bonds—Continued.

SECOND 4½'S.		THIRD 4½'S.		THIRD 4½'S—Continued.	
\$50 DENOMINATION.		\$50 DENOMINATION.		\$50 DENOMINATION—Continued.	
Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.
826, 085*	836, 085	279, 387*	269, 387	5, 967, 349*	5, 967, 347
826, 123*	836, 123	491, 886*	481, 886	6, 387, 819*	6, 357, 819
826, 174*	836, 174	537, 119*	539, 119	6, 861, 572*	6, 858, 572
826, 498*	836, 498	877, 215*	880, 215	6, 862, 572*	
826, 593*	836, 593	1, 254, 668*	1, 254, 068	7, 221, 359*	9, 221, 359
931, 159*	831, 159	1, 254, 776*	1, 259, 776	7, 435, 436*	7, 436, 436
1, 990, 731*	1, 991, 731	1, 541, 658*	1, 541, 568	7, 931, 079*	7, 951, 079
2, 187, 793*	2, 187, 593	1, 542, 470*	1, 543, 470	8, 135, 670*	8, 139, 670
2, 871, 008*	2, 871, 108	1, 886, 129*	1, 889, 129	8, 187, 387*	8, 188, 387
2, 874, 989*	2, 873, 989	1, 886, 188*	1, 889, 188	8, 189, 284*	8, 189, 384
3, 739, 142*	3, 742, 142	2, 070, 013*	2, 071, 013	8, 350, 746*	8, 350, 946
		2, 297, 473*	2, 295, 473	8, 487, 565** ^(a)	8, 587, 565
		2, 543, 863*	2, 543, 063	8, 752, 705*	8, 762, 705
		2, 592, 643*	2, 591, 643	8, 969, 650*	8, 869, 650
		2, 629, 595*	2, 629, 495	9, 330, 005*	9, 330, 095
		2, 690, 883*		9, 648, 956*	9, 748, 956
		2, 698, 641*		10, 066, 391*	
		2, 821, 528*		10, 161, 434*	10, 163, 434
		2, 822, 528*		10, 201, 072*	10, 201, 972
		2, 823, 528*		10, 474, 518*	10, 473, 518
		3, 048, 855*		10, 475, 727*	10, 475, 627
		3, 057, 999*		10, 479, 476*	10, 479, 576
		3, 181, 009*		10, 522, 917** ^(b)	10, 532, 917
		3, 284, 323*		10, 909, 352*	10, 912, 352
		3, 321, 232** ^(a)		11, 536, 725*	
		3, 433, 888*		11, 574, 460*	11, 574, 560
		3, 537, 453*		11, 990, 023*	11, 900, 023
		3, 785, 870*		12, 031, 525*	12, 030, 525
		3, 795, 440*		12, 054, 357*	12, 057, 357
		3, 940, 620*		12, 137, 124*	12, 136, 124
		4, 057, 079** ^(a)		12, 459, 471*	12, 457, 471
		1{4, 144, 178}* 1{4, 144, 178}		12, 563, 759*	12, 563, 659
		4, 327, 336** ^(a)		12, 633, 961*	12, 663, 961
		4, 327, 740*		12, 821, 339** ^(b)	12, 822, 339
		4, 327, 839*		13, 212, 989*	13, 213, 989
		4, 546, 153** ^(a)		13, 244, 418*	13, 284, 418
		4, 570, 779*		13, 355, 810*	13, 354, 810
		4, 801, 368*		13, 547, 739*	13, 547, 839
		5, 029, 816** ^(a)		13, 583, 819*	13, 583, 919
		5, 535, 364*		13, 827, 556*	
		5, 545, 292*		13, 845, 299*	13, 844, 299
		5, 620, 767*		14, 168, 278*	14, 162, 278
		5, 620, 793*		14, 168, 279*	14, 162, 279
		5, 937, 893*		14, 168, 282*	14, 162, 282
		5, 937, 894*		14, 168, 283*	14, 162, 283
		5, 937, 896*		14, 168, 286*	14, 162, 286
		5, 937, 900*		14, 168, 287*	14, 162, 287
		5, 955, 683*		14, 168, 288*	14, 162, 288
				14, 168, 289*	14, 162, 289
				14, 168, 290*	14, 162, 290

¹ Three bonds bearing this number.

Temporary Bonds—Continued.

THIRD 4 1/4'S—Continued.

\$50 DENOMINATION—Continued.

Duplicated No.	Allotted No. open on Numerical Records.
14, 168, 292*	14, 162, 292
14, 168, 293*	14, 162, 293
14, 168, 294*	14, 162, 294
14, 168, 295*	14, 162, 295
14, 168, 296**(a)	14, 162, 296
14, 168, 297*	14, 162, 297
14, 168, 298*	14, 162, 298
14, 185, 511*	14, 185, 614
14, 240, 658**(a)	14, 240, 758
14, 244, 508*	14, 245, 508
14, 327, 505*	14, 327, 405
14, 366, 344**(a)	14, 366, 244
14, 626, 185**	

\$100 DENOMINATION.

311, 000*	312, 000
317, 525*	317, 625
352, 015*	349, 015
433, 198*	433, 098
545, 311*	541, 311
583, 714*	586, 714
669, 590*	670, 590
669, 591*	670, 591
896, 101*	886, 101
965, 491*	965, 491
1, 139, 397*	1, 139, 379
1, 204, 420*	2, 204, 420
1, 204, 444*	1, 184, 444
1, 234, 963*	
1, 454, 306*	1, 455, 306
1, 454, 309*	1, 455, 309
1, 506, 033*	1, 506, 933
1, 947, 965*	1, 907, 965
2, 049, 304*	2, 050, 304
2, 646, 748*	2, 746, 748
2, 809, 169*	
3, 026, 958*	3, 036, 958
3, 134, 701*	3, 143, 701
3, 150, 374*	
3, 203, 863*	
3, 203, 895*	
3, 405, 857*	3, 407, 857
3, 421, 320*	3, 521, 320
3, 446, 413*	3, 446, 416
3, 461, 711*	3, 460, 711
3, 464, 944*	3, 465, 944
3, 587, 809**(b)	2, 587, 809
3, 605, 551*	3, 805, 551
3, 967, 703*	
4, 442, 100*	4, 443, 100

THIRD 4 1/4'S—Continued.

\$100 DENOMINATION—Continued.

Duplicated No.	Allotted No. open on Numerical Records.
4, 445, 100*	4, 440, 100
4, 467, 373*	
4, 581, 531*	4, 581, 431
4, 709, 825*	4, 709, 925
4, 709, 882*	4, 709, 982
4, 746, 869*	4, 746, 269
4, 825, 299*	4, 826, 299
5, 005, 082*	5, 005, 282
5, 076, 899*	5, 076, 799
5, 126, 797*	5, 126, 697
5, 244, 726*	5, 246, 726
5, 567, 504*	5, 667, 504
5, 567, 533*	5, 667, 533
5, 567, 655*	5, 667, 655
5, 627, 997**(b)	5, 626, 997
6, 082, 964*	6, 082, 864
6, 413, 031*	6, 413, 231
6, 552, 831*	6, 552, 931
6, 570, 839*	6, 570, 939
6, 617, 879*	6, 618, 879
7, 076, 611*	7, 076, 011

\$1,000 DENOMINATION.

199, 342*	199, 942
374, 876*	377, 876
537, 755*	557, 755
712, 957*	712, 957
776, 629*	776, 929
939, 330*	934, 330
957, 036*	957, 836
1, 051, 979*	1, 050, 979
1, 381, 739*	1, 781, 739
1, 381, 740*	1, 781, 740
1, 381, 741*	1, 781, 741
1, 381, 742*	1, 781, 742
1, 381, 743*	1, 781, 743
1, 747, 943*	

FOURTH 4 1/4'S.

\$50 DENOMINATION.

649, 410*	646, 410
2, 072, 961*	2, 072, 971
2, 079, 793*	2, 079, 693
2, 656, 661*	2, 656, 761
3, 242, 245*	3, 242, 945

FOURTH 4 1/4'S—Continued.

\$50 DENOMINATION—Continued.

Duplicated No.	Allotted No. open on Numerical Records.
3, 335, 054*	3, 335, 754
3, 781, 121*	3, 781, 221
4, 433, 936*	4, 533, 936
4, 433, 994*	4, 533, 994
4, 741, 411**(b)	4, 747, 411
4, 843, 473*	4, 843, 573
5, 126, 100**(a)	6, 126, 100
5, 126, 180*	6, 126, 180
5, 126, 198*	6, 126, 198
5, 126, 199*	6, 126, 199
5, 126, 273*	6, 126, 273
5, 126, 292*	6, 126, 292
5, 126, 294*	6, 126, 294
5, 126, 309*	6, 126, 309
5, 126, 317*	6, 126, 317
5, 126, 385**(b)	6, 126, 385
5, 126, 390**(b)	6, 126, 390
5, 126, 391**(b)	6, 126, 391
5, 126, 404*	6, 126, 404
5, 543, 725*	5, 643, 725
5, 543, 901*	5, 643, 901
5, 745, 597*	5, 745, 797
6, 812, 848*	6, 812, 948
6, 934, 432*	6, 934, 402
6, 992, 162*	6, 990, 162
7, 134, 726*	7, 433, 726
7, 434, 870*	7, 433, 870
7, 934, 115*	7, 935, 115
8, 106, 146*	8, 116, 146
8, 130, 362*	8, 130, 162
8, 141, 991*	8, 142, 991
8, 141, 992*	8, 142, 992
8, 196, 884*	8, 190, 884
8, 205, 535*	8, 199, 535
8, 322, 364***(b)	8, 322, 664
8, 501, 738*	8, 495, 738
8, 531, 924***(a)	8, 532, 924
8, 556, 489*	8, 550, 489
8, 618, 013*	
8, 668, 489***(a)	8, 688, 489
8, 991, 114***(a)	8, 997, 114
8, 991, 332*	8, 997, 332
9, 500, 849*	9, 504, 849
10, 315, 871*	10, 315, 971
10, 453, 907***(a)	10, 453, 107
10, 630, 580*	10, 630, 680
11, 235, 239*	
12, 446, 547*	
12, 797, 966***(a)	12, 446, 747
12, 859, 999*	12, 859, 099
13, 553, 938*	13, 554, 938
13, 608, 727*	13, 608, 927
13, 921, 584*	13, 921, 585
14, 640, 137*	14, 640, 237
15, 738, 425***(b)	15, 730, 425

Temporary Bonds—Continued.

FOURTH 4½'S—Continued.

\$50 DENOMINATION—Continued.

Duplicated No.	Allotted No. open on Numerical Records.
15, 890, 839*	15, 890, 939
16, 721, 711*	16, 721, 611
17, 267, 799*	17, 268, 799
17, 418, 992** ^(b)	17, 418, 792
17, 576, 743*	17, 576, 843
17, 604, 037*	17, 603, 037
17, 604, 977*	17, 603, 977
17, 900, 873*	17, 900, 973

\$100 DENOMINATION.

550, 364 ^(d)	599, 364
550, 369 ^(c)	599, 369
550, 372*	599, 372

FOURTH 4½'S—Continued.

\$100 DENOMINATION—Continued.

Duplicated No.	Allotted No. open on Numerical Records.
550, 375*	599, 375
849, 154*	2, 849, 154
849, 155*	2, 849, 155
2, 080, 200*	2, 077, 200
3, 358, 964*	3, 357, 964
3, 358, 970*	3, 357, 970
3, 358, 972*	3, 357, 972
3, 358, 975*	3, 357, 975
3, 358, 980*	3, 357, 980
4, 068, 538*	
5, 912, 049*	
6, 625, 003*	6, 628, 003
6, 669, 799** ^(a)	
7, 225, 960*	7, 525, 960
7, 779, 626*	7, 779, 826
7, 868, 883*	7, 668, 883

FOURTH 4½'S—Continued.

\$100 DENOMINATION—Continued.

Duplicated No.	Allotted No. open on Numerical Records.
9, 336, 028*	9, 336, 328
9, 387, 990*	9, 387, 890
9, 948, 913*	9, 949, 713
10, 759, 710** ^(b)	

\$1,000 DENOMINATION.

Permanent Bonds and Notes.

FIRST 3½'S.

\$50 DENOMINATION.

111, 023** ^(b)	111, 123
118, 464*	119, 464
206, 473** ^(b)	206, 573
723, 819*	723, 619
747, 839** ^(b)	747, 839
843, 680** ^(b)	843, 580
953, 292*	954, 292
1, 695, 730*	
1, 897, 462*	1, 897, 412

\$100 DENOMINATION.

294, 470*	294, 570
568, 699** ^(b)	568, 799
815, 038*	815, 238
1, 123, 797*	1, 123, 787

\$500 DENOMINATION.

145, 741** ^(b)	145, 841
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FIRST 3½'S—Continued.

\$1,000 DENOMINATION.

9, 275** ^(b)	9, 225
9, 276** ^(b)	9, 226
231, 282*	231, 232

FIRST 4½'S.

\$100 DENOMINATION.

252, 009** ^(b)	232, 009
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SECOND 4½'S.

\$100 DENOMINATION.

2, 433, 666** ^(b)	2, 433, 766
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THIRD 4¼'S.

\$50 DENOMINATION.

8, 930, 560** ^(a)	8, 930, 660
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VICTORY 3¾'S.

\$1,000 DENOMINATION.

1, 020, 299** ^(a)

VICTORY 4¾'S.

\$50 DENOMINATION.

1, 133, 779*	{ 1, 203, 445** ^(b) 1, 226, 251* 1, 226, 252* 1, 372, 570** ^(b)
1, 203, 445** ^(b)	
1, 226, 251*	
1, 226, 252*	

^{*} In a series of bonds retired as unissued stock No. 8,930,660 was missing but two bonds numbered 8,930,560 appeared.
[†] No numbers have been allotted to these, for the reason that the posting of redeemed Victory notes is in arrears. As soon as the paid notes, aggregating about 2,000,000 pieces, have been entered upon the registers the appropriate numbers, off-setting these duplicate numbers, will be readily discernible.

Permanent Bonds and Notes—Continued.

VICTORY 4¾'S—Continued.		VICTORY 4¾'S—Continued.		VICTORY 4¾'S—Continued.	
\$50 DENOMINATION—Continued.		\$50 DENOMINATION—Continued.		\$100 DENOMINATION—Continued.	
Duplicated No.	Allotted No. open on Numerical Records	Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.
1, 372, 968** <i>(b)</i>		5, 257, 757** <i>(b)</i>		3, 289, 616** <i>(b)</i>	
1, 372, 970** <i>(b)</i>		5, 345, 202** <i>(b)</i>		3, 289, 617** <i>(b)</i>	
1, 451, 473 <i>(c)</i>		5, 412, 485** <i>(b)</i>		3, 323, 222** <i>(b)</i>	
1, 499, 222** <i>(b)</i>		5, 604, 140** <i>(a)</i>		3, 503, 074** <i>(b)</i>	
1, 649, 841** <i>(b)</i>		5, 741, 398** <i>(b)</i>		3, 503, 075** <i>(b)</i>	
1, 674, 983** <i>(b)</i>		6, 334, 457** <i>(b)</i>	⁽⁴⁾	4, 337, 450*	
1, 675, 139** <i>(b)</i>		9, 059, 855*		5, 046, 822** <i>(a)</i>	⁽⁴⁾ .
1, 715, 889** <i>(b)</i>		9, 604, 788** <i>(b)</i>		5, 467, 062** <i>(b)</i>	
2, 010, 594** <i>(b)</i>		10, 170, 266*		6, 015, 745** <i>(b)</i>	
2, 100, 706** <i>(b)</i>		11, 432, 867*		6, 026, 138 <i>(d)</i>	
2, 364, 575** <i>(b)</i>				6, 067, 948** <i>(a)</i>	
2, 633, 374** <i>(b)</i>				6, 067, 949** <i>(a)</i>	
3, 154, 060** <i>(b)</i>				6, 101, 814** <i>(b)</i>	
3, 180, 469** <i>(b)</i>	^{(4).}				
3, 180, 470** <i>(b)</i>					
3, 317, 370** <i>(b)</i>					
3, 324, 569** <i>(a)</i>					
3, 479, 878 <i>(c)</i>					
3, 527, 278** <i>(b)</i>					
3, 609, 911** <i>(b)</i>					
3, 738, 724** <i>(b)</i>					
3, 768, 101** <i>(a)</i>					
4, 168, 876** <i>(b)</i>					
4, 248, 297*					
4, 424, 889** <i>(b)</i>					
5, 007, 586 <i>(c)</i>					
5, 064, 692** <i>(a)</i>					
\$100 DENOMINATION.					
1, 033, 185** <i>(b)</i>					
1, 034, 261** <i>(b)</i>					
1, 045, 699** <i>(a)</i>					
1, 054, 017** <i>(b)</i>					
1, 177, 800 <i>(c)</i>					
1, 474, 562** <i>(b)</i>					
1, 526, 940** <i>(b)</i>					
2, 167, 674** <i>(b)</i>	⁽⁴⁾				
2, 214, 169*					
2, 428, 252 <i>(r)</i>					
3, 083, 476 <i>(c)</i>					
3, 183, 781** <i>(b)</i>					
\$500 DENOMINATION.					
1, 147, 864*					⁽⁴⁾
\$1,000 DENOMINATION.					
707, 698** <i>(a)</i>					
1, 454, 722** <i>(b)</i>					

⁴ No numbers have been allotted to these, for the reason that the posting of redeemed Victory notes is in arrears. As soon as the paid notes, aggregating about 2,000,000 pieces, have been entered upon the registers the appropriate numbers, off-setting these duplicate numbers, will be readily discernible.

LIST NO. 4.

BONDS, NOTES, CERTIFICATES OF INDEBTEDNESS, AND OTHER SECURITIES (EXCEPT INTEREST COUPONS) IMPROPERLY PRINTED OR BEARING IMPERFECTIONS OTHER THAN DUPLICATE NUMBERS, AND NOT WITHDRAWN BY MR. BREWER.

SHOWING RESULT OF TREASURY'S INVESTIGATION.

NOTE.—Symbols have been used to indicate the following:

*=Security destroyed.

a=Security on file appears to be a "make-up."

b=Security on file does not appear to be a "make-up."

Temporary Bonds.

FIRST 4'S.

\$100 DENOMINATION.

Security No.	Remarks.
1, 823, 194*	(Above high number. This number is open on Second 4's.)

\$1,000 DENOMINATION.

42, 565*	Reads 42,465 on face and 42,565 on back. Back governs, as 42,465 was received in good order. No duplication.
41, 565*	Reads 41,465 on face and 41,565 on back. Back governs, as 41,465 was received in good order. No duplication.

FIRST 4½'S.

\$5,000 DENOMINATION.

52, 550*	(Above high number. This number was open on Second 4½'s, and accordingly this bond was credited as Second 4½'s by authority of the Undersecretary.)
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SECOND 4'S.

\$50 DENOMINATION.

126, 624*	Reads 124,264 on face and 126,624 on back. Back governs, as 124,264 was received in good order. No duplication.
126, 953*	Reads 124,953 on face and 126,953 on back. Back governs, as 124,953 was received in good order. No duplication.
338, 362*	Reads 338,262 on face and 338,362 on back. Back governs, as 338,262 was received in good order. No duplication.

Temporary Bonds—Continued.

SECOND 4'S—Continued.

\$50 DENOMINATION—Continued.

Security No.	Remarks.
475, 725*	Reads 472,725 on face and 475,725 on back. Back governs, as 472,725 was received in good order. No duplication.
475, 847*	Reads 472,847 on face and 475,847 on back. Back governs, as 472,847 was received in good order. No duplication.
475, 876*	Reads 472,876 on face and 475,876 on back. Back governs, as 472,876 was received in good order. No duplication.
973, 056*	Reads 973,056 on face and 973,055 on back. Back governs, as 973,056 was received in good order. No duplication.
974, 055*	Reads 974,955 on face and 974,055 on back. Back governs, as 974,955 was received in good order. No duplication.
1, 226, 500*	Reads 1,206,500 on face and 1,226,500 on back. Back governs, as 1,206,500 was received in good order. No duplication.
1, 939, 862*	Reads 1,937,862 on face and 1,939,862 on back. Back governs, as 1,937,862 was received in good order. No duplication.
2, 576, 996*	Reads 2,576,896 on face and 2,576,996 on back. Back governs, as 2,576,896 was received in good order. No duplication.
2, 577, 997*	Reads 2,577,897 on face and 2,577,997 on back. Back governs, as 2,577,897 was received in good order. No duplication.
2, 579, 996*	Reads 2,579,896 on face and 2,579,996 on back. Back governs, as 2,579,896 was received in good order. No duplication.
2, 579, 997*	Reads 2,579,897 on face and 2,579,997 on back. Back governs, as 2,579,897 was received in good order. No duplication.
2, 690, 626 (b)	Reads 2,690,526 on face and 2,690,626 on back. Back governs, as 2,690,526 was received in good order. No duplication.
2, 685, 38-*	Last digit removed. Correct bond number 2,685,381. No duplication.
2, 807, 388*	Reads 2,806,388 on face and 2,807,388 on back. Back governs, as 2,806,388 was received in good order. No duplication.
2, 807, 480*	Reads 2,806,480 on face and 2,807,480 on back. Back governs, as 2,806,480 was received in good order. No duplication.
2, 807, 780*	Reads 2,806,780 on face and 2,807,780 on back. Back governs, as 2,806,780 was received in good order. No duplication.
2, 807, 910 (b)	Reads 2,806,910 on face and 2,807,910 on back. Back governs, as 2,806,910 was received in good order. No duplication.
2, 807, 972*	Reads 2,806,972 on face and 2,807,972 on back. Back governs, as 2,806,972 was received in good order. No duplication.
3, 002, 166*	Reads 2,002,166 on face and 3,002,166 on back. Back governs, as 2,002,166 was received in good order. No duplication.
3, 242, 198*	Reads 3,240,198 on face and 3,242,198 on back. Back governs, as 3,240,198 was received in good order. No duplication.
3, 242, 468*	Reads 3,240,468 on face and 3,242,468 on back. Back governs, as 3,240,468 was received in good order. No duplication.
3, 242, 646*	Reads 3,240,646 on face and 3,242,646 on back. Back governs, as 3,240,646 was received in good order. No duplication.
3, 242, 669*	Reads 3,240,669 on face and 3,242,669 on back. Back governs, as 3,240,669 was received in good order. No duplication.
-, 211, 258*	First digit tampered with. Correct bond number 1,211,258. No duplication.
4, 458, 999*	Reads 4,458,999 on face and 1,858,999 on back. Face governs. No duplication.
7, 979, 985*	Higher than official high number. Error in preparing replacement bond. Should read 6,979,985.

\$100 DENOMINATION.

5, 336, 280*	Above official high number of this denomination. Should be 3,536,280.
5, 336, 735*	Above official high number of this denomination. Should be 3,536,735.

Temporary Bonds—Continued.**SECOND 4'S—Continued.****\$1,000 DENOMINATION.**

Security No.	Remarks.
-68, 099*	First digit removed. Correct bond number 268,099. No duplication.
472, 655*	Reads 472,555 on face and 472,655 on back. Back governs, as 472,555 was received in good order. No duplication.
474, 655*	Reads 474,555 on face and 474,655 on back. Back governs, as 474,555 was received in good order. No duplication.
240, 319*	Reads 241,319 on back. Correct number 241,319.

THIRD 4½'S.**\$50 DENOMINATION.**

-4, 567*	First digit removed. Correct number 34,567. No duplication.
-53, 303*	First two digits removed. Correct number 3,053,303. No duplication.
-83, 278*	First digit removed. Correct number 383,278. No duplication.
--, 164, 981*	First two digits removed. Correct number 13,164,981. No duplication.
-276, 469*	First digit removed. Correct number 3,276,469. No duplication.
-351, 441*	First digit removed. Correct number 3,351,441. No duplication.
-351, 447*	First digit removed. Correct number 3,351,447. No duplication.
--, 367, 814*	First two digits removed. Correct number 10,367,814. No duplication.
--, 404, 969*	First two digits removed. Correct number 10,404,969. No duplication.
-468, 416*	First digit removed. Correct number 7,468,416. No duplication.
-823, 325*	First digit removed. Correct number 2,823,325. No duplication.
-839, 307*	First digit removed. Correct number 2,839,307. No duplication.
-839, 308*	First digit removed. Correct number 2,839,308. No duplication.
9, 022, 58--	Last digit removed. Correct number 9,022,582. No duplication.
14, 162, 20--	Last digit removed. Correct number 14,162,201. No duplication.
14, 478, 90-(b)	Number indistinct. Open 14,478,904, 14,478,907.
-337, 23--	First and last digits removed. Correct number 8,337,234. No duplication.
11, 170, 638*	Digit (3) changed in red ink to (8). Correct number 11,170,638. No duplication.
13, 830, 71--	Last digit removed. Correct number 13,830,717. No duplication.
13, 830, 71--	Last digit removed. Correct number 13,830,718. No duplication.

\$100 DENOMINATION.

—, 973*	First three digits removed. Correct number 762,973. No duplication.
-409, 217*	First digit removed. Correct number 2,409,217. No duplication.
-454, 278(b)	First digit removed. Correct number 2,454,278. No duplication.
4, 765, 94-(b)	Last digit removed. Correct number 4,765,944. No duplication.
5, 982, 06--	Last digit removed. Correct number 5,982,064. No duplication.
-03, 037*	First two digits removed. Correct number 3,703,037. No duplication.
-001, 102*	First digit removed. Correct number 5,001,102. No duplication.
5, 445, 795*	Second digit tampered with to resemble (1). Correct number 5,445,795. No duplication.
5, 445, 796(b)	Second digit tampered with to resemble (1). Correct number 5,445,796. No duplication.

Temporary Bonds—Continued.**THIRD 4 $\frac{1}{4}$ 'S—Continued.****\$1,000 DENOMINATION.**

Security No.	Remarks.
-86, 514*	First digit removed. Correct number 386,514. No duplication.
-86, 515*	First digit removed. Correct number 386,515. No duplication.
-86, 516(a)	First digit removed. Correct number 386,516. No duplication.
-86, 518*	First digit removed. Correct number 386,518. No duplication.
-86, 519*	First digit removed. Correct number 386,519. No duplication.
-86, 520(b)	First digit removed. Correct number 386,520. No duplication.
-86, 521*	First digit removed. Correct number 386,521. No duplication.
-, 562, 378*	First digit removed. Correct number 1,562,378. No duplication.
-, 562, 381*	First digit removed. Correct number 1,562,381. No duplication.
-, 562, 382*	First digit removed. Correct number 1,562,382. No duplication.
-, 562, 503*	First digit removed. Correct number 1,562,503. No duplication.
-9, 402*	First two digits removed. Correct number 979,402. No duplication.
-79, 401(b)	First digit removed. Correct number 979,401. No duplication.

FOURTH 4 $\frac{1}{4}$ 'S.**\$50 DENOMINATION.**

-, 144, 05*	First and last digits removed. Correct number 2,144,051. No duplication.
61, 836*	Two bonds of this number have been received and are on file. In one instance the last two digits appear to have been erased and to have been 99, making bond read 6,183,699.
8, 133, 30*	Last digit removed. Correct number 8,133,306. No duplication.
8, 133, 30*	Last digit removed. Correct number 8,133,308. No duplication.
5, 368, 831 to 5, 369, 000*	Coupons are numbered 3,568,831 to 3,569,000. Bonds should have been numbered in accordance with coupons. All bonds in this run have been destroyed except bonds Nos. 5,368,881, 5,368,884, and 5,368,888, which appear to be "make-ups."
6, 380, 616-17*	
6, 380, 620-21*	
6, 380, 623*	
6, 380, 626*	
6, 380, 629*	
6, 380, 632*	
6, 380, 636-37*	
6, 380, 641*	
6, 380, 645-47*	
6, 380, 655-59*	In each instance the first digit of the coupon reads 9. Bonds should be numbered 9.
6, 380, 661-72*	
6, 380, 679*	
6, 380, 682*	
6, 380, 688-89*	
6, 380, 696*	
6, 380, 703-4*	
6, 380, 706*	
6, 380, 712*	
6, 380, 714*	
15, 754, 970*	Digits obliterated. Listed as 15,754,970; correct number 4,575,490.

\$100 DENOMINATION.

5, 007, 47-(b)	Last digit removed. Correct number 5,007,476. No duplication.
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Permanent Bonds and Notes.

FIRST 3½'S.

\$50 DENOMINATION.

Security No.	Remarks.
523, 710*	Reads 522,710 on face and 523,710 on coupons. Coupons govern, as 522,710 was received in good order.
523, 690*	Reads 223,690 on coupons. Correct number 523,690. No duplication. 223,690 received in good order.
618, 902 (a)	Coupons on sheet 3 numbered 1-20 instead of 41-60.
946, 198 (a)	Coupons 21-40 numbered 951,198. 951,198 received in good order in Lot 14,076.
999, 737 (b)	Coupon No. 21 has interest payment of 88 cents instead of 87 cents.
999, 751*	Do.
1, 483, 302 (a)	Reads 1,483,301 on back. Face correct. 1,483,301 received in good order. No duplication.
1, 715, 577 (b)	Reverse of sheets 1 and 2 numbered same as third sheet (41-60).
1, 929, 614*	Reads 1,928,614 on coupons. Correct number 1,929,614.
1, 929, 621*	Reads 1,928,621 on coupons. Correct number 1,929,621.
2, 110, 087*	Coupons numbered 2, 111,087.
NOTE.—Where the bonds have been destroyed, the tally sheets prepared during audit of the securities are used in verifying the serial numbers.	

\$100 DENOMINATION.

942, 203 (a)	Coupons numbered 943,203.
1, 053, 206 (a)	Coupon No. 29 for \$17.50 instead of \$1.75.
1, 123, 798*	Three sheets of coupons read 1,122,798.
1, 122, 798*	Three sheets of coupons read 1,123,798.
1, 279, 925 (a)	Coupons 11-40 numbered 1,275,925.
1, 279, 985*	Coupons 4-20 read 1,275,985.

\$500 DENOMINATION.

24, 268 (b)	First two sheets of coupons incorrectly numbered.
24, 283 (b)	Sheets 1 and 2 numbered same as third sheet.
24, 284 (b)	Do.
99, 633 (b)	Overprint omitted from coupons 41-60.
110, 012 (b)	Reverse of first two sheets of coupons switched.
245, 575 (b)	Coupon No. 20 numbered 45,575.

\$1,000 DENOMINATION.

222, 814 (a)	First two sheets numbered 41-60.
222, 815 (a)	Do.
222, 816 (a)	Do.
222, 817 (a)	Do.
237, 470*	Coupons read 237,070.
412, 363 (b)	Coupon numbering on first two sheets reversed, 21-40, 1-20.
610, 020 (a)	Reverse of first two sheets numbered same as third sheet.
610, 021 (b)	Do.
653, 917 (a)	Overprint missing from coupons 17, 18, 19, and 20.
783, 296 (b)	Coupon numbering on first two sheets reversed, 21-40, 1-20.
871, 841 (b)	Coupons on sheet 2 numbered 1-20 instead of 21-40.
1, 176, 155 (a)	Coupons 41-60 read 117,155.

Permanent Bonds and Notes—Continued.**FIRST-SECOND 4 $\frac{1}{4}$ 'S.****\$50 DENOMINATION.**

Security No.	Remarks.
8 (b)	Bond and coupons discolored through fading.

THIRD 4 $\frac{1}{4}$ 'S.**\$100 DENOMINATION.**

212, 004 (a) 3, 740, 179 (b)	Coupon No. 15 has no serial number. Bears overprint of \$50 bond. \$50 bond O. K. in Lot 41,734.
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FOURTH 4 $\frac{1}{4}$ 'S.**\$50 DENOMINATION.**

J-02, 621, 099 (b)	Coupon No. 7 has no serial number.
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\$5,000 DENOMINATION.

F-00, 038, 486 (b)	Second digit tampered with. "0" changed to "9."
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VICTORY 4 $\frac{3}{4}$ 'S.**\$50 DENOMINATION.**

A-2, 338, 716 (b) B-2, 338, 717 (b)	Third digit changed to an "8." Second digit changed to an "8."
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\$500 DENOMINATION.

B-202, 075 (a)	Coupon No. 7 bears interest of \$1.88 instead of \$11.88.
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\$1,000 DENOMINATION.

J-2, 085, 565 (b)	Last digit (5) obliterated.
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4 $\frac{1}{4}$ PER CENT TREASURY NOTES (A 1927).**\$500 DENOMINATION.**

19, 922 (a)	Coupons 3-5 unnumbered.
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SUPPLEMENTAL.

In addition to the information appearing on the preceding lists, the Committee submits the following supplemental items. (The symbols, etc., correspond with those pertaining to the principal lists.)

LIST NO. 2.

FIRST 3½'S.	
\$50 DENOMINATION.	
Security No.	Remarks.
1, 928, 514	No information.
1, 928, 686	No information.

LIST NO. 3.

FIRST 4¼'S.		THIRD 4¼'S.		CERTIFICATES OF INDEBTEDNESS. Series 5-J.	
\$50 DENOMINATION.		\$100 DENOMINATION.		\$5,000 DENOMINATION.	
Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.	Duplicated No.	Allotted No. open on Numerical Records.
1, 870, 118		184, 623 (e)		12, 940	12, 340

Temporary Bond.

SECOND 4¼'S.	
\$50 DENOMINATION.	
1, 942, 567	

Temporary Bonds.

LIST NO. 4.	
FIRST 4'S.	
\$50 DENOMINATION.	
Security No.	Remarks.
3, 160, 799*	Above high number. This number is open on Second 4's.
SECOND 4¼'S.	
\$500 DENOMINATION.	
432, 967	Digit tampered with.
FOURTH 4¼'S.	
\$50 DENOMINATION.	
6, 380, 713*	The first digit of each coupon reads 9. Bond should be numbered 9.
\$1,000 DENOMINATION.	
-, 748, 618 (b)	First digit obliterated. Correct number 2,748,618. No duplication.

Permanent Bonds.

FIRST 3½'S.	
\$50 DENOMINATION.	
1, 269, 508	Coupon No. 14 bears wrong maturity date.
FOURTH 4¼'S.	
\$5,000 DENOMINATION.	
J-00, 038, 489 (b)	Third digit tampered with. "0" changed to "9."

EXHIBIT B.
REPORT OF AUDIT.

[Audit No. 39. Feb. 18, 1924.]

TO: COMMISSIONER OF THE PUBLIC DEBT.

Place audited: Office of the Register of the Treasury, Division of Numerical Records.

Date of audit: February 11 to February 15, 1924, as of December 31, 1923.

Nature of audit: Temporary coupon \$1,000 bonds, all Liberty loans, outstanding with respect to numerical records as of December 31, 1923.

Time consumed: Sixteen days (one-man time).

Detail of Audit.

	First 4's.	First 4½'s.	First Second 4⅓'s.	Second 4's.	Second 4½'s.	Third 4⅓'s.	Fourth 4⅔'s.
Bonds outstanding Dec. 31, 1923, as per records of Division of Public Debt Accounts and Audit.....	72	110	1	470	376	944	2,051
Bonds received by Department and lost before receipt by Register.....	4	1	.....	12	.....	.....	.....
Duplicate postings (see exhibit and notes).....	.....	.....	43	27	18	159	.....
Retired bonds on hand in Federal reserve banks or in transit from banks to Department, Dec. 31, 1923.....	1	5	.....	27	44	48	164
Total open items numericals should show as of Dec. 31, 1923.....	77	116	1	542	447	1,010	2,374
Open items as per audit, Feb. 15, 1924.....	77	116	1	512	403	952	2,348
Items closed since Dec. 31, 1923, due to receipts of bonds from Federal reserve banks and local cases.....	.....	.....	.....	30	45	57	36
Total open items as of Dec. 31, 1923.....	77	116	1	542	448	1,009	2,384
Overlap of open spaces.....	.....	.....	.....	.....	1	.....	10
Shortage of open spaces.....	.....	.....	.....	.....	.....	1	.....

¹ Bonds Nos. 897 and 898, Second 4's were received by the Division of Loans and Currency and lost before being delivered to the Register's office and were never recorded, and have not been received by the Department the second time to date.

(Signed) M. R. LOAFMAN,
Chief, Division of Public Debt Accounts and Audit.

(135)

Duplicate postings on numerical records due to errors in posting or to lost or stolen bonds.[The corresponding open number, when known, which should probably have been closed in lieu of duplicate posting, is shown.¹

FIRST 4's.		SECOND 4's—Continued.		SECOND 4½'s—Continued.		FOURTH 4½'s.	
Duplicate.	Open.	Duplicate.	Open.	Duplicate.	Open.	Duplicate.	Open.
43,465	43,565	731,182	741,182	1,265,831	1,263,031	38,963	68,963
49,943	49,443	878,968-77	876,968-77	1,329,546	1,321,646	293,519	212,519
² 60,993	.....	1,150,702	1,050,702	1,353,692	1,353,592	286,578	285,578
132,953	147,953	1,286,506	1,284,506	1,353,694	1,353,594	456,495	459,495
Total, 4.		1,287,208	1,287,208	1,508,633	1,511,633	495,234	475,254
		1,352,370	.....	1,514,759	1,544,459	505,002	505,502
		1,389,158	1,391,158	1,514,429	1,514,529	598,660	598,160
		1,582,239	1,282,239	1,607,731-2	1,602,731-2	712,271	712,171
		1,786,707	1,686,707	Total, 27.		770,766	770,566
FIRST 4½'s.		Total, 43.				927,734	927,834
91,405	91,105					1,008,398	1,002,398
Total, 1.		SECOND 4½'s.				1,019,857	1,019,957
						1,067,753	1,061,753
SECOND 4's.						1,197,598	
		215,894	214,894	199,342	199,942	1,316,559	
		218,230	218,330	213,349	.....	1,417,889	
		292,998	291,938	374,376	377,376	1,417,989	
		358,285	358,985	374,876	377,876	1,625,238	
		384,453	384,853	537,755	.....	1,625,338	
		486,816	486,716	712,957	717,957	1,673,612	
		519,207	619,207	776,629	776,929	1,689,990	
		258,300	258,309	939,330	.....	1,689,995	
		475,555	475,655	957,036	.....	1,689,997	
		629,600-3	639,600-3	1,051,979	1,050,979	1,689,998	
		647,436	647,536	1,747,943	.....	1,679,998	
		832,746	832,646	1,798,801	.....	2,043,867	
		846,501	848,501	1,381,739-43	1,781,739-43	2,338,110-238	
		908,939	908,039	1,878,516	1,878,515	2,338,403	
		919,848	.....	Total, 18.		2,338,752	
		943,215	843,215			2,335,824	
						2,338,848	
						2,338,911	
						2,523,008	
						2,591,285	
						Total, 159.	

¹ Duplicate posting on star bond numerical register.² Open space on regular bond numerical register.² Bonds were received and retired and disappeared in Department, and were later received and retired second time.

EXHIBIT C.

LETTER FROM CHIEF, SECRET SERVICE DIVISION, TREASURY DEPARTMENT, TO THE
SECRETARY OF THE TREASURY.

TREASURY DEPARTMENT, OFFICE OF THE SECRETARY,

SECRET SERVICE DIVISION,

Washington, March 14, 1924.

The Honorable,
The SECRETARY OF THE TREASURY.

SIR:

I have carefully read the reports and exhibits submitted to the Attorney General by Charles B. Brewer, and note therein repeated references to the Secret Service as guilty of undercover methods, browbeating, intimidation, and other disreputable acts. During the more than forty years I have been connected with the Secret Service I have become increasingly proud of the reputation it has earned for honest, straightforward, fair-dealing methods, and as the responsible head of that Service during all the period covered by Mr. Brewer's investigations, I should consider his charges seriously were it not that I am convinced that they emanate from the perverted mind of a fanatic and have no basis in truth. While these attacks are mainly directed at the Service as a whole, specific mention is made of Operative M. C. McCahill as guilty of improper, if not criminal, methods. I must therefore assure you that I assume full responsibility for Operative McCahill's official acts, and commend him to you as a thoroughly loyal, honorable, and capable officer.

It is stated that the Service was called off the investigation of duplicate bonds in December, 1919, by Mr. Leffingwell. If such instructions were issued I would surely know of them, and I positively assert that no such instructions were issued to me by Mr. Leffingwell nor any one else. The order signed by Secretary Glass, dated March 25, 1919,¹ amending the Secretary's order of August 25, 1913, directed that thereafter, in addition to bringing to the attention of the Secretary without delay acts of carelessness in money-accounting branches of the Department, or acts indicating irregularities, losses, thefts, or misconduct, such acts should be reported *immediately* direct to the Chief of the Secret Service, and that "no preliminary inquiry should be instituted prior to the report to and investigation by the Secret Service." This order further amended that of August 25, 1913, to apply to "all bureaus and divisions of the Treasury Department in Washington." It was in force during the period to which Mr. Brewer refers, and is still in force.

It is charged that certain employees of the Register's office were admonished to keep their mouths shut about duplicate bonds, and destruction operations, and to not talk to that man Brewer,—all of which is substantially true and in line with proper discipline in the Service, as well as with the obvious necessity of taking steps to see that uninformed or disgruntled employees did not, through ignorance or malice, attempt to impugn the integrity of the securities of the United States Government. Operative McCahill, in the spring or early summer of 1921, pursuing his customary duties in the Register's office, was informed that a man named Brewer was conducting some sort of an investigation, and that certain employees of the Register's office were supplying him with information, both in and out of office, relating to the business of the Register's office. This was reported to me and I instructed Operative McCahill to report the facts to the Register, and at the same time caution these employees against discussing the business of the Register's office with outside parties unless authorized to

¹ See copy of Order on page 141.

do so by the Register. I then endeavored to ascertain who this man Brewer was by telephoning to the Chief of the Bureau of Investigation, Department of Justice, having been informed that he was connected with that Department. I was informed by Mr. Bailey, then the chief of that branch, that there was no one connected with his bureau named Brewer. I persisted in the inquiry, however, and finally identified the man as Charles B. Brewer, an attorney of the Department of Justice. I reported these facts to Mr. Gilbert. It was ascertained that the employees of the Register's office above referred to, Capt. Newton Ferree, Miss Rose T. Baker, and Mrs. Grace Atherton, were repeating to Mr. Brewer the charges of bond duplications made by the former Assistant Register, and to which charges reply had been fully made by Secretary of the Treasury Houston.

It is asserted in the Brewer report that because of these acts Mrs. Atherton and Miss Baker were stripped of their authority and persecuted by the Secret Service. The disciplining of these two employees was not because of their connection with duplicate bond investigations, but resulted from an inquiry conducted by the Personnel Committee of the Treasury Department into charges of insubordination and acts subversive to discipline seriously interfering with the Government's business, involving a number of employees of the Register's office, including Mrs. Atherton and Miss Baker. The records of these hearings may be found in the files of the Department.

In another place the Brewer report refers to "strange, unsolved thefts from the Treasury vaults which seemed to have a connection with the duplication and that the effort of the Secret Service seemed to be directed toward hushing up the matter by browbeating methods." I am at loss to understand what is meant by this paragraph, unless the thefts of bonds from the Register's cage in the basement of the Treasury during 1919 are intended, but how these can be termed "strange" and "unsolved," and what constitute "browbeating methods" intended to cover up these thefts, are mysteries to me, as when it was discovered that bonds were missing from the Register's files immediate steps were taken to prevent further losses, and investigations were started, resulting in the detection and arrest of the persons believed to be responsible for the thefts and who are now awaiting trial upon indictments returned against them in the Supreme Court of the District of Columbia. After a thorough examination and check-up of unfinished cases in the Register's office, it was found that the Government had been defrauded of a total of only \$13,100 through these thefts. The details of these cases are more fully re-cited hereinafter.

Mr. Brewer refers to several calls he made at this office, and intimates that he was not accorded proper cooperation. During all the nearly three years he was conducting his investigations he made but three calls at this office. The first time, I was absent from the city, but learned upon my return that he had been here to inquire about the tapping of telephone wires, and after being assured by the Assistant Chief of the Service that no such practice was resorted to by us he made a visit to the telephone switchboard in the Treasury, interrogated the employees there, and made an examination of the wiring. Immediately on being advised of this I am frank to say that I became suspicious of Mr. Brewer's motive, and requested that the telephone company send a confidential expert to the Department and go over the wiring from the trunk lines entering the Department, to, and through the switchboard, to assure myself that they had not been tampered with. Mr. Brewer's charge that the telephones were watched, if intended to apply to this Service, is wholly without foundation.

His second visit was in August, 1922, when he inquired about a \$1,000 bond, No. 5234, of the Second Loan, which was received at the Department in a lot forwarded by the Federal Reserve Bank of San Francisco, and which was handled under Treasury case No. 1145. This was an entirely different case from that about which he paid a subsequent visit to this office; therefore the two visits did not relate to the same case, as asserted by him. Bond No. 5234 was

one of twenty-one \$1,000 bonds discovered missing from case No. 1145 when that case was called for destruction, and which were, no doubt, stolen from the Register's files. Bond No. 5234 is the only one of twenty-one that has ever been presented to the Treasury a second time. I got out the file and explained to Mr. Brewer that the bond he was inquiring about was not a duplicated number, but a stolen bond which the Treasury Department paid for twice. He appeared to be entirely satisfied, and left the office without requesting to see the file. His third visit was in December, 1923, when he handed me a note from Under Secretary Garrard B. Winston, directing that I allow Mr. Brewer to see the file relating to fifteen \$1,000 bonds shipped by the Federal Reserve Bank of San Francisco to the Treasury Department two years before, and which a notation made in the Claims Division in the Loans and Currency Bureau erroneously referred to as "stolen bonds." Being aware that Mr. Brewer had gone into this matter thoroughly by visiting San Francisco, had inspected our file in the San Francisco office of the Service, and should have been convinced that there was nothing irregular or suspicious about the case, as the reports of our agents traced these bonds from the date of their issue by the Loans and Currency Division to the Federal Reserve Bank of San Francisco, where, fortunately, the records of their disposition were complete, so that they were traced to the individual holders, back again to the Federal Reserve Bank, and thence to the Treasury Department for conversion, I was impatient with the man, and questioned his purpose in wanting to examine the file of the case in this office, advising him that I was aware of his investigations at San Francisco. This is, no doubt, what he means when he states that he was followed to California, overlooking the fact that our San Francisco agent must report his call at that office and what transpired.

I will now recite the facts developed by investigations conducted by the Service which will explain the disappearance of bonds from the files of the Register's office, referred to in the Brewer reports as "strange unsolved thefts from the Treasury vaults."

1111 is the number given a case involving Liberty bonds numbering 14,783 pieces, valued at \$14,740,000, which were purchased by the Secretary of the Treasury on Alien Property Custodian account, and were temporarily held in the Federal Reserve Bank of New York, later forwarded to the Treasurer of the United States—Acting Custodian of Alien Property Securities—and subsequently delivered by direction of the Secretary of the Treasury to the Division of Loans and Currency for exchange and conversion into registered bonds.

Edward Kelley case.—The first information this office had regarding any of the bonds included in case 1111 was when on August 19, 1919, we were advised that Edward Kelley, an employee of the District of Columbia Sewer Department, while cleaning out the screens at the pumping station in northeast Washington, found three mutilated and canceled \$1,000 coupon bonds, Nos. 1340482, 1350717, and 1458381. Kelley turned these bonds over to the office of the Superintendent of Police at Washington, and this office was promptly notified. Operative Myles C. McCahill was detailed to look into the matter, and discovered that these three bonds were included among those listed in Treasury case No. 1111 on file in the Register's office. While conducting this investigation he discovered that two canceled coupons detached from \$1,000 bond No. 1458379 had been received at the Treasury Department from the American National Bank of Washington, and, as this bond was also listed in case 1111, the lead was followed.

Mike Miller case.—It was learned that these coupons had been presented at the bank by Miss Jeanette Risheill, who was well known at the bank, and they had redeemed them for her. At the same time she presented the bond itself, and was advised by the bank teller to take it to Hibbs & Co., bankers and brokers. This she did, receiving \$971 in payment therefor. Miss Risheill informed Operative McCahill that the bond and coupons had been brought to her by Mike Miller, of 912 Twenty-sixth Street N.W., who at one time had been employed by Lom-

bard & Ludwig, for whom Miss Risheill was then working; that Miller was then an employee of the District of Columbia Sewer Department. Miller stated that he had found this bond in the screens at the pumping station and had taken it to Miss Risheill for advice as to its genuineness and disposition. Miller produced the \$971 obtained from the sale of the bond and coupons, with the statement that he had been advised by Miss Risheill to hold it intact and advertise for the owner of the bond. He immediately proposed to return the money to the American National Bank and Hibbs & Co. Miller was brought to this office, where he repeated the above statements to me, and surrendered the \$971, for which I gave him a receipt. Then by my instructions Miller was taken to the United States Attorney's office, and the facts in the case related to Assistant United States Attorney Charles W. Arth. He advised that because of all the circumstances in the case, and the willingness of Miller to make restitution, no criminal prosecution would be had. Miller returned to this office, and the \$971 was handed back to him, and Operative M. R. Allen was instructed to accompany Miller to the American National Bank and to Hibbs & Co., and there witness the refund of the money. This he did. A complete check-up of case 1111 disclosed the fact that 197 thousand-dollar bonds were missing from the package. The Kelley and Miller cases account for four of these. Another one is accounted for as follows:

Alice M. Oates case.—On June 1, 1921, an attorney of Washington presented to the Treasury Department a claim for the redemption of a partially destroyed \$1,000 bond of the Second Liberty Loan, No. 1458378, with an affidavit in support of this claim executed by Mrs. Alice M. Oates, wherein Mrs. Oates declared she was the owner of the bond, having purchased it on or about September 1, 1918, from a wagon at Ninth and F Streets, N.W., and had placed it in a trunk in her home; that this trunk was placed in the cellar of her house; and that during the winter of 1920 the cellar was flooded with water and the bond with other papers became wet and mutilated; that forgetting about the bond she gathered up the papers and put them in the furnace, but being wet they were not wholly destroyed; that later while cleaning out the furnace she discovered the mutilated bond among the rubbish, and after pasting it together with some tissue paper she asked to have a duplicate issued to replace it. Upon examination the bond was discovered to be one of those missing from case 1111. Operative M. C. McCahill was detailed to investigate the case, and soon discovered that Mrs. Oates' husband, James E. Oates, was an employee of the District of Columbia Sewer Department, and after some persuasion Mr. Oates admitted that he found this bond in the screens at the pumping station at the Sewer Department. Thereupon a warrant was sworn out for Mrs. Oates for presenting a false claim to the Government, and she was subsequently sentenced to one year in the penitentiary upon a plea of guilty. None of the remaining 192 bonds missing from case 1111 have ever been presented at the Treasury a second time and it is fair to presume that they were all thrown into the sewer and only the five above mentioned caught in the screens. All of these bonds had been canceled.

Clarence W. Jackson case.—This case relates to thirty \$1,000 coupon bonds of the Second Loan included in Treasury case No. 2114-A, and not in case 1111, as repeatedly stated by Mr. Brewer. The history of the case follows: On September 3, 1919, Mr. W. W. Spaid, of Hibbs & Co., telephoned this office that two colored men were in his bank wanting to dispose of thirty \$1,000 Liberty Loan bonds, and that his suspicions were aroused by statements made to him by these men. I asked Mr. Spaid to bring the men with their bonds to this office, which he did. One of the men said he was W. H. O. Brown, and that he was the attorney for the man accompanying him, who gave his name as Clarence W. Jackson. It was related that Jackson, who is a public "hacker," was engaged by a man at Seventh and T streets, N.W., one night in July, to drive him to the Willard Hotel, and upon returning to the garage Jackson found a brown paper envelope

on the rear seat of the automobile containing these thirty bonds, and that he had held them for two months waiting for the owner to advertise his loss. I questioned Jackson closely, asking just what day in July this occurred. He did not remember. I also asked him whether he had returned immediately to the Willard Hotel after finding the bonds in order to search for the passenger he had just delivered there. He admitted he had not, nor had he reported his find to the police department nor the Treasury; in fact he had made no effort whatever to discover the owner. I took possession of the bonds, giving Jackson a receipt for them, stating that I would endeavor to locate the owner of them. It was found that these bonds, with others, had been originally shipped to the Federal Reserve Bank of Boston, then turned over to the First National Bank of Boston, where no record was made of their disposition. The customers of the bank who had subscribed to this loan were written to, without result. Meanwhile the records of the Division of Loans and Currency and Register's office were being searched. During all this time Jackson, with his attorney, S. McComas Hawken, made repeated calls on me, finally demanding the return of the bonds. I refused to surrender them except upon an order from the Court. It was eventually discovered that these bonds were part of case 2114-A, which case included bonds aggregating \$5,250,000 received at the Department from the Federal Reserve Bank of Boston on November 16, 1918, and after verification by the Division of Loans and Currency were delivered to the Register of the Treasury August 25, 1919, and filed in a caged-off room in the basement of the Treasury. These thirty bonds were uncanceled, and in order to determine whether others of this lot were uncanceled or missing I had the whole case re-examined. All the other bonds comprising the case were found to be intact and canceled. Jackson was arrested, charged with having in possession stolen Government property, and placed under bond for the action of the Court. Every effort was made to identify the person who stole these bonds from the Treasury vault and delivered them to Jackson, without success, until in a statement made October 19, 1923, Jackson admitted receiving these bonds and others from Enos B. Smith, an employee of the Register's office, on duty in the bond vault. Smith was thereupon arrested, and is now awaiting trial on an indictment returned against him November 1, 1923. Jackson's statement also accounts for eleven \$1,000 bonds, missing from case 888-A, and which have been paid for by the Treasury Department a second time.

W. H. MORAN,
Chief, Secret Service Division.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, March 25, 1919.

ORDER.

Amendatory of the Secretary's order of August 25, 1913, wherein it is provided that—

all acts of carelessness in the money counting branches of the Department, or acts indicating irregularities, losses, theft or misconduct, be brought to the attention of the Secretary without delay, in order that prompt consideration and action may be afforded—

it is hereby directed that hereafter in addition to bringing any such matter to the attention of the Secretary, through the Assistant Secretary in charge of the office concerned, a report also must be made *immediately* direct to the Chief of the Secret Service.

In any such case, beyond determining that the matter is one that should be reported as above ordered, no preliminary inquiry should be instituted prior to the report to and investigation by the Secret Service. It is most important that this requirement be strictly adhered to in order that the Secret Service may not be hampered in its investigation.

The Secretary's order of August 25, 1913, is further amended to apply to all bureaus, offices and divisions of the Treasury Department in Washington.

Strict compliance with the requirements of this order is enjoined on all concerned.

(Signed) CARTER GLASS,
Secretary.

EXHIBIT D.

REPORT SUBMITTED TO THE SECRETARY OF THE TREASURY BY MESSRS.
GEORGE M. DUNCAN AND EDWARD E. MYERS.

NOTE.—Messrs. George M. Duncan and Edward E. Myers were designated by the Secretary of the Treasury to examine and report upon certain securities withdrawn by Mr. Brewer from the files of the Treasury and referred to in Mr. Brewer's report and accompanying exhibits. Mr. Duncan is superintendent of the surface division of the Bureau of Engraving and Printing and has had over 25 years' experience in the operation of presses, numbering machines, etc.; Mr. Myers is an employee of the engraving division of the Bureau of Engraving and Printing, where he has been employed for over 43 years.

TREASURY DEPARTMENT.

APRIL 18, 1924.

The Honorable

The Secretary of the Treasury.

SIR: In accordance with your letter dated April 14, 1924, designating the undersigned employees of the Bureau of Engraving and Printing to examine and inspect the securities turned over to the chairman of the Special Congressional Committee by order of the court in the case of *Brewer vs. Mellon et al*, we have examined certain of said securities and respectfully submit the following report:

There has been submitted to us a copy of an affidavit executed under date of February 17, 1923, by H. R. Leesnitzer, a foreman of the surface printing division, Bureau of Engraving and Printing, as follows:

FEBRUARY 17, 1923.

Mr. CHAS. B. BREWER,

Special Asst. to the Attorney General, Washington, D. C.

DEAR SIR: I was foreman in charge of numbering the Liberty Loan Issues.

I occupy that position today.

You have shown me in strictest confidence certain evidence, that is: a number of coupons of Liberty Loan Bonds with small dots over the numbers. I have to state that there is no possibility of such dots being made legitimately on a numbering machine which has been in the Bureau during the 31 years I have been connected with the Bureau.

I note also that on the \$50 coupon of 4½% second loan #1461500 that the ink is not the Bureau ink which we used then or ever. The style of this numbering is not the Bureau's, that is the style of type.

As to the \$100 coupons of the 4½% fourth loan shown me with similar dots among which are coupons numbered 2898524, 2898534, 2898535, 2898545, 2898553, 2898555, 2898556 comprising a "run" I have to state the style of type in the numerals is not the Bureau's and the Bureau has never used such style. As to the ink on these coupon numerals, it is the same color as the Bureau's and I believe is the Bureau ink.

(Signed)

H. R. LEESNITZER

Foreman of Surface Division.

Sworn and subscribed to before me this 17th of February 1923.

[SEAL]

(Signed)

CHAS. B. SORNBORGER

Notary Public,

My commission expires Sept. 1, 1925.

With respect to \$50 Second 4½'s, No. 1,461,500, we examined two bonds bearing this number. Both bonds bear a "make-up" number; they were "made-up" on a paging machine from type identical in every respect to the sample impressions of type submitted by the superintendent of the binding division. The ink used on these numbers is the same ink that was used in the Bureau at the time of printing this series of bonds. With respect to the coupons

of the \$100 Fourth 4½'s, Nos. 2,898,524, 2,898,534, 2,898,535, 2,898,545, 2,898,553, 2,898,555, and 2,898,556, mentioned in the above affidavit, we examined two coupons of each of these numbers. One set was numbered on a surface printing division press, and the duplicate set were "make-ups," having been numbered from type used in the binding division, as comparison with the sample impressions of type submitted by the superintendent of the binding division plainly indicates. The style and size of type are identical in every respect.

There has been submitted to us a copy of an affidavit executed under date of August 14, 1922, by G. P. Jackson, superintendent of the binding division, as follows:

Mr. CHARLES B. BREWER,

Special Assistant to Attorney General, Washington, D. C.

AUGUST 14, 1922.

SIR: I have today re-examined a number of bonds which you showed me several months ago, and complying with your request I have to confirm the verbal statements that I made to you at that time.

My position is that of Superintendent of Binding Division. I have been connected with the Bureau of Engraving and Printing for forty-four years. I had charge of the re-numbering of a majority of the so-called make-ups which were re-numbered during the printing of the Liberty Loan issues. These make-ups running into the hundreds of thousands.

My re-examination today has covered the following:

- Two \$10,000 Victory Notes, 4½%, both numbered F61,092.
- Two \$50 Bonds, 4½%, 3rd L. L., both numbered 12,555,526.
- Two \$50 Bonds, 4½%, 3rd L. L., both numbered 2,592,810.
- Two \$100 Bonds, 4½%, 3rd L. L., both numbered 4,084,480.
- Two \$100 Bonds, 4½%, 3rd L. L., both numbered 6,045,110.
- Two \$100 Bonds, 4½%, 3rd L. L., both numbered 544,311.
- One \$1,000 Bond, 4½%, 3rd L. L., numbered 1,562,374.
- One \$1,000 Bond, 4½%, 3rd L. L., numbered 1,562,375.
- One \$1,000 Bond, 4½%, 3rd L. L., numbered 1,562,376.
- Two \$10,000 Bonds, 4½%, 2nd L. L., both numbered 27,442.
- Two \$1,000 Bonds, 4½%, 1st L. L., both numbered 91,405.
- Two \$500 Bonds, 4½%, 2nd L. L., both numbered 73,719.
- Two \$500 Bonds, 4½%, 2nd L. L., both numbered 73,722.
- Two \$500 Bonds, 4½%, 2nd L. L., both numbered 73,892.
- Two \$500 Bonds, 4½%, 2nd L. L., both numbered 73,981.
- Two \$100 Bonds, 4½%, 2nd L. L., both numbered 169,110.
- Two \$1,000 Bonds, 4½%, 2nd L. L., both numbered 1,353,692.
- Two \$1,000 Bonds, 4½%, 2nd L. L., both numbered 1,353,694.
- Two \$50 Bonds, 4½%, 2nd L. L., both numbered 1,012,003.
- One \$100 Bond, 4½%, 2nd L. L., numbered 2,355,851.

Regarding all the above numbered bonds which form the make-up, that is where two bonds of the same number are referred to and also in all cases where one bond is referred to, I have to state that to the best of my knowledge and belief, the style of figures is not made by type used by this Bureau, either now or during the printing of the Liberty Loan Bonds, or not in any other time.

I have to state further that on practically every one of the bonds referred to in the paragraph above, the ink is of a different shade used by the Bureau and of a glossy appearance not used in the Bureau work. The nature of the rollers used in the Bureau's printing machinery would be so damaged by the use of a character of ink on these bonds as to make its use entirely impracticable.

In connection with the affidavit of Miss Magdalen Gallanher relating to make-up bonds, of even date, I have to state that Miss Gallanher was employed under me and I have had direct supervision of her for a number of years. She has handled great quantities of responsible work and I can vouch for her extreme accuracy, in fact, I have scarcely found that she has ever made mistakes.

Respectfully,

Subscribed and sworn to before me this 14th day of August, 1922.

G. P. JACKSON.

THOS. W. GOSS,
Notary Public.

(My commission expires April 10, 1927.)

Our examination of the above-mentioned securities showed the following:

\$10,000 Victory 4½ No. F-61,092
\$50 Third 4½ No. 12,555,526
\$50 Third 4½ No. 2,592,810
\$100 Third 4½ No. 4,084,480
\$100 Third 4½ No. 6,045,110
\$10,000 Second 4½ No. 27,442
\$1,000 First 4½ No. 91,405
\$500 Second 4½ No. 73,719
\$500 Second 4½ No. 73,722
\$500 Second 4½ No. 73,892
\$500 Second 4½ No. 73,981
\$100 Second 4½ No. 169,110
\$1,000 Second 4½ No. 1,353,692
\$1,000 Second 4½ No. 1,353,694
\$50 Second 4½ No. 1,012,003

With respect to each of these numbers, two securities were examined by us. One was regularly numbered on a surface printing division press and the other is a "make-up," numbered on a paging machine. The style and size of type used in numbering the "make-ups" are identical with sample impressions of type submitted by Mr. Jackson, as superintendent of the binding division, in accordance with the request of the Under Secretary of the Treasury dated February 12, 1924.

\$100 Third 4½ No. 544,311
\$100 Third 4½ No. 544,311
\$100 Second 4½ No. 2,355,851
\$1,000 Third 4½ No. 1,562,374
\$1,000 Third 4½ No. 1,562,375
\$1,000 Third 4½ No. 1,562,376

All of these bonds are "make-ups," numbered on paging machines. The style and size of type used are identical with sample impressions of type submitted by Mr. Jackson, as superintendent of the binding division, in accordance with the request of the Under Secretary of the Treasury dated February 12, 1924. It will be observed that two bonds were examined bearing the number 544,311. Both are "make-ups."

All of the above bonds were numbered with type identical in every respect with that used in the Bureau of Engraving and Printing, both with respect to the "make-ups" and the regular numbers. The ink is the same as used at that time on bonds, although Mr. Jackson's affidavit states that the ink is of a glossy appearance. It is well understood that the condition of the paper affects the ink to a considerable extent. One sheet of paper may bear a rough surface, the next sheet may be more highly calendered, which would naturally result in a greater gloss in the highly calendered sheet than in the sheet with a rough surface. The color of ink as referred to in Mr. Jackson's affidavit is the same as used in the Bureau at all times for this class of printing. The shade, however, could be temporarily affected; an excessive quantity of ink would result in a darker shade than the normal amount of ink, and if the press was not thoroughly cleaned from a previous ink, of a different color, that would also change the shade of ink for a time. The rollers would have no connection whatever with the quality of ink, nor the consistency, and no damage would result therefrom other than the natural deterioration of composition rollers used in any printing office.

There has been submitted to us a copy of an affidavit executed under date of November 17, 1923, by G. P. Jackson, superintendent of the binding division, as follows:

NOVEMBER 17, 1923.

CHAS. B. BREWER,

Special Assistant to the Attorney General,

Department of Justice, Washington, D. C.

SIR: I am Superintendent of the Binding Division of *Bureau of Engraving and Printing* and had charge of the numbering of Liberty Loan Bonds used to replace imperfectly printed bonds of all replaced for the Fourth 4½% Temporary issue. These are commonly known as "Make-ups."

Since I was 13 years old in 1878, I have been continuously employed at the Bureau of Engraving and Printing and am familiar with all types of numbers used now and throughout the Liberty Loan issues.

Referring to the duplicate bonds which you showed to me in the Union Trust Company's vaults today of the fourth 4½% issue and particularly to the "MAKE-UPS" of this (temporary) issue of \$50, \$100, and \$1,000 denominations enumerated below, I am able to state definitely that the numbers appearing on these bonds are such as to show that the bonds were not among those legitimately numbered for issue. My reasons for this statement are:

\$100 Bonds 2898013

2898302

2898312

2898321

2898369

2898415

2898417

2898605

have certain characteristics which not only show them not to be the Bureaus but to have been placed on in some manner impossible to have been done by type unless some other means *also* employed. No such numbers were ever printed at the Bureau of Engraving and Printing.

Other bonds of this same thousand as follows:

2898728

2898729

2898778

2898779

2898536 as well as 2898415, 417 and 605 show that they have received some additional treatment after the first stamping, something never done at the Bureau. And

2898700

2898700

are *both* make-ups and neither is the Bureau type. Altogether you showed me thirty-three (33) bonds of this thousand,—all of type different from the Bureaus.

The \$1,000 Bond shown me, No. 1689997 4th 4½% had the same false characteristics and was not the Bureau type;—that is the "make-up" was not. The duplicate of this appeared entirely genuine.

The thirty-eight (38) \$50 Bonds Numbered 5126090 lowest and 5126505 highest appeared to be the Bureau type but were printed with a constant error in an angle at which the numbers were impressed impossible in Bureau methods. The numbers of these bonds referred to are 5126090, 95, 96, 103, 104, 5126106, 108, 117, 122, 147, 261, 262, 263, 265, 296, 312, 315, 316, 318, 5126325, 328, 333, 334, 335, 337, 338, 341, 354, 359, 368, 369, 378, 389, 5126392, 430, 503, 504, 505. The last nine of these bonds no press could have impressed the numbers on and one bond 5126368 had the same characteristics stamping it false as the bonds of nos. 2898013-605 referred to above.

The above statements refer to the bonds of the "Make-Up" type. You showed me the duplicate of most of these bonds and they were numbered with the regular numbers used at the Bureau.

(Signed) G. P. JACKSON.

G. P. Jackson, known to me, personally appeared before me this 17 day of November and made affidavit to the above statements.

S. A. GUTHY, *Notary Public.*

My commission expires Sept. 21, 1926.

Our examination of the above-mentioned securities showed the following:

Fourth 4 $\frac{1}{4}$'s:

\$100 No. 2,898,013	
\$100 No. 2,898,302	
\$100 No. 2,898,312	
\$100 No. 2,898,605	
\$100 No. 2,898,728	
\$100 No. 2,898,729	
\$100 No. 2,898,778	
\$100 No. 2,898,779	
\$100 No. 2,898,536	
\$50 No. 5,126,090	
\$50 No. 5,126,368	
\$50 No. 5,126,369	
\$50 No. 5,126,389	
\$50 No. 5,126,378	
\$50 No. 5,126,103	
\$50 No. 5,126,108	
\$50 No. 5,126,117	
\$50 No. 5,126,122	
\$50 No. 5,126,261	
\$50 No. 5,126,262	
\$50 No. 5,126,265	
\$50 No. 5,126,296	
\$50 No. 5,126,312	
\$50 No. 5,126,318	
\$50 No. 5,126,325	
\$50 No. 5,126,328	
\$50 No. 5,126,333	
\$50 No. 5,126,338	
\$50 No. 5,126,354	

All of these bonds are "make-ups," numbered on paging machines. The style and size of type are identical with sample impressions of type submitted by Mr. Jackson, as superintendent of the binding division, in accordance with the request of the Under Secretary of the Treasury, dated February 12, 1924.

There is no evidence whatsoever that the numbers appearing on Nos. 2,898,728, 2,898,729, 2,898,778, 2,898,779, and 2,898,536, received "additional treatment," as claimed by Mr. Jackson.

With respect to each of these numbers, two securities were examined by us. One was regularly numbered on a surface printing division press, and the other is a "make-up," numbered on a paging machine. The style and size of type used in numbering the "make-up" are identical with sample impressions of type submitted by Mr. Jackson, as superintendent of the binding division, in accordance with the request of the Under Secretary of the Treasury, dated February 12, 1924.

As to the \$1,000 bond, numbered 1,689,997, Mr. Jackson states that the numbering on one of these bonds "had the same false characteristics and was not the Bureau type; that is, the 'make-up' was not. The duplicate of this appeared entirely genuine." Our examination and inspection did not disclose any difference in the numbering of this bond from the numbering of the others mentioned in the same affidavit. *There are no false characteristics that we can discover. The type is identical in every respect with that used in the Bureau of Engraving and Printing.*

As to Mr. Jackson's statement with regard to Nos. 2,898,321, 2,898,369, 2,898,415, 2,898,417, of the \$100 denomination, that such numbers were not printed at the Bureau of Engraving and Printing, we desire to state that these bonds were *legitimately numbered* in the Bureau of Engraving and Printing, and upon close examination and inspection we find *no variation whatever from the sample impressions with which comparison was made.*

As to the eighteen \$50 bonds numbered from 5,126,095 (low) to 5,126,505 (high), Mr. Jackson states that these bonds were "printed with a constant error in an angle at which the numbers were impressed impossible in Bureau methods." Our examination of these numbers indicates no irregularity which would not be possible in the Bureau method of printing. Numbers can be printed at an angle both on a paging machine and on a printing press, and this frequently happens.

We examined two bonds bearing the number 2,898,700. Both of the bonds are "make-ups," having been numbered on paging machines. The style and size of type are identical with sample impressions of type submitted by Mr. Jackson, as superintendent of the binding division, in accordance with the request of the Under Secretary of the Treasury, dated February 12, 1924.

Fourth 4½'s:

\$100 No. 2,898,321	.....
\$100 No. 2,898,369	.....
\$100 No. 2,898,415	.....
\$100 No. 2,898,417	.....
\$1,000 No. 1,689,997	.....
\$50 No. 5,126,095	.....
\$50 No. 5,126,096	.....
\$50 No. 5,126,104	.....
\$50 No. 5,126,106	.....
\$50 No. 5,126,147	.....
\$50 No. 5,126,263	.....
\$50 No. 5,126,315	.....
\$50 No. 5,126,316	.....
\$50 No. 5,126,334	.....
\$50 No. 5,126,335	.....
\$50 No. 5,126,337	.....
\$50 No. 5,126,341	.....
\$50 No. 5,126,359	.....
\$50 No. 5,126,430	.....
\$50 No. 5,126,503
\$50 No. 5,126,504
\$50 No. 5,126,505
\$50 No. 5,126,392

Fourth 1½'s:

\$100 No. 2,898,700
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There has been submitted to us a copy of an affidavit executed under date of November 19, 1923, by G. P. Jackson, superintendent of the binding division of the Bureau of Engraving and Printing, as follows:

NOVEMBER 19, 1923.

Mr. CHARLES B. BREWER,
Special Assistant to the Attorney General,

Department of Justice, Washington, D. C.

DEAR SIR: I have carefully examined the one hundred and twenty-five (125) of the One Thousand Dollar bonds of the Fourth Four and One-Quarter issue which you have shown to me, some of which were single bonds, and many of which were duplicate, and I can state the one hundred and eight (108) bonds were not numbered at the Bureau of Engraving and Printing, and are, therefore, spurious.

I am familiar with all the numbering that has been placed on bonds and coupons at the Bureau of Engraving and Printing, where I am *Superintendent of the Binding Division*, which department I entered when thirteen years of age, in 1878, and have been continuously employed there ever since.

I have listed below which of the bonds shown me are the bureau's and which are not. They are as follows:

<i>Denomination</i>	<i>Not Bureau's</i>	<i>Bureau's</i>
\$1,000.00	2338113 (Atlanta)	Not examined
"	2338114 (Atlanta)	"
"	2338115 (Atlanta)	"
"	2338116 (Atlanta)	"
"	2338117 (Atlanta)	"
"	2338118 (Atlanta)	"
"	2338119 (Atlanta)	"
"	2338120 (Atlanta)	"
"	2338121 (Atlanta)	"
"	2338122 (Atlanta)	"
"	2338123 (Richmond)	2338123 (New York)
"	Not examined	2338124 (New York)
"	"	2338125 (New York)
"	2338128 (New York)	Not examined
"	2338135 (Atlanta)	2338135 (Boston)
"	2338136 (Atlanta)	2338136 (Boston)
"	2338137 (Treasury)	2338137 (Boston)
"	2338138 (Treasury)	2338138 (Boston)
"	2338139 (Treasury)	2338139 (Boston)
"	2338140 (Treasury)	2338140 (Boston)
"	2338141 (Treasury) ? "Case"	2338141 (St. Louis)
"	2338142 (Treasury)	Not examined
"	2338146 (Treasury) ? "Case"	" "
"	2338147 (Treasury)	" "
"	2338148 (Atlanta)	" "
"	2338149 (Atlanta)	" "
"	2338150 (Atlanta)	2338150 (New York)
"	2338151 (Atlanta)	2338151 (New York)
"	2338152 (Atlanta)	2338152 (New York)
"	2338153 (Boston)	2338153 (New York)
"	2338154 (Richmond)	2338154 (New York)
"	2338155 (Atlanta)	Not examined
"	2338156 (Atlanta)	" "
"	2338157 (Atlanta)	" "
"	2338158 (Atlanta)	" "
"	2338159 (Atlanta)	" "
"	2338160 (Philadelphia)	" "
"	2338161 (Philadelphia)	" "
"	2338162 (Atlanta)	" "
"	2338163 (Atlanta)	" "

<i>Denomination</i>	<i>Not Bureau's</i>	<i>Bureau's</i>
\$1,000.00	2338166 (New York)	Not examined
"	2338167 (New York)	" "
"	2338168 (New York)	" "
"	2338169 (Boston)	" "
"	2338170 (Boston)	" "
"	2338171 (Boston)	" "
"	2338172 (Boston)	" "
"	2338173 (Boston)	" "
"	2338174 (Boston)	" "
"	2338175 (Boston)	" "
"	2338176 (Boston)	" "
"	2338177 (Boston)	" "
"	2338178 (Boston)	" "
"	2338182 (Boston)	" "
"	2338183 (Boston)	" "
"	2338184 (Boston)	" "
"	2338187 (New York)	" "
"	2338188 (Boston)	" "
"	2338189 (Boston)	" "
"	2338190 (Boston)	" "
"	2338191 (Boston)	" "
"	2338192 (Boston)	" "
"	2338193 (Boston)	" "
"	2338194 (Boston)	" "
"	2338195 (Boston)	" "
"	2338196 (Boston)	" "
"	2338197 (Boston)	" "
"	2338198 (Boston)	" "
"	2338199 (Boston)	" "
"	2338200 (New York)	" "
"	2338202 (Los Angeles)	" "
"	2338203 (Los Angeles)	" "
"	2338204 (Los Angeles)	" "
"	2338205 (Los Angeles)	" "
"	2338206 (Atlanta) "16551"	" "
"	2338207 (Atlanta)	" "
"	2338208 (Atlanta)	" "
"	2338209 (Atlanta)	" "
"	2338210 (Atlanta)	" "
"	2338211 (Atlanta)	" "
"	2338212 (Atlanta)	" "
"	2338213 (Atlanta)	" "
"	2338214 (Atlanta)	" "
"	2338215 (Atlanta)	" "
"	2338216 (Atlanta)	" "
"	2338217 (Atlanta)	" "
"	2338218 (Atlanta)	" "
"	2338219 (Atlanta)	" "
"	2338220 (Atlanta)	" "
"	2338221 (Atlanta)	" "
"	2338222 (Atlanta)	" "
"	2338223 (Atlanta)	" "
"	2338224 (Atlanta)	" "
"	2338225 (Atlanta)	" "
"	2338226 (Atlanta)	" "
"	2338227 (Atlanta)	" "

<i>Denomination</i>	<i>Not Bureau's</i>	<i>Bureau's</i>
\$1,000.00	2338228 (Atlanta) "16551"	Not examined
"	2338229 (Atlanta) "	" "
"	2338230 (Atlanta) "	" "
"	2338231 (Atlanta) "	" "
"	2338232 (Atlanta) "	" "
"	2338233 (Atlanta) "	" "
"	2338234 (Atlanta) "	" "
"	2338235 (Atlanta) "	" "
"	2338236 (Atlanta) "	" "
"	2338237 (Atlanta) "	" "
"	2338238 (Atlanta) "	" "
"	2338752 (Atlanta)	2338752 (Treasury)? "C" "Case"
"	2338824 (Atlanta)	Not examined
"	2338848 (Atlanta)	" "
"	2338911 (Atlanta)	2338911 (Cleveland)

My reasons for the above statements are that the ink appearing on these bonds is entirely too thick to have been printed in any manner possible by the bureau's presses. The appearance is that they were printed by rubber stamp or other method. As to this, I am unable to state definitely.

I can say positively, however, that they are not the burean's. Another reason for my statement is that on practically every bond which is listed as not being the bureau's the numbers are impressed on same with a constant error which would be humanly impossible according to the methods used in printing the "make-up" bonds at the bureau. Many of the figures appear to have been touched up after the impression had been made. It is also noted that in many cases the ink has run through the paper, which does not happen in the bureau's printing.

Yours very truly,

(Signed) G. P. JACKSON

Personally appeared before me Geo. P. Jackson, known to me, and made affidavit to the truthfulness of the statements contained in this letter.

(Signed) Wm. H. SMITH
Notary Public.

My commission expires Nov. 22, 1927.

We have carefully examined the bonds mentioned in Mr. Jackson's affidavit, and have inspected them very closely *but we failed to find any spuriously numbered bonds. Each and every bond is genuine.* Our examination of the bonds showed the following:

Fourth 4½'s, \$1,000:

No. 2,338,123	No. 2,338,150
No. 2,338,135	No. 2,338,151
No. 2,338,136	No. 2,338,152
No. 2,338,137	No. 2,338,153
No. 2,338,138	No. 2,338,154
No. 2,338,139	No. 2,338,752
No. 2,338,140	No. 2,338,911
No. 2,338,141	

With respect to each of these numbers, two securities were examined by us. One was regularly numbered on a surface printing division press, and the other is a "make-up," numbered on a paging machine. The style and size of type used in numbering the "make-up" are identical with sample impressions of type submitted by Mr. Jackson, as superintendent of the binding division, in accordance with the request of the Under Secretary of the Treasury, dated February 12, 1924.

Fourth 4½'s, \$1,000:

No. 2,338,113	No. 2,338,173	No. 2,338,211
No. 2,338,114	No. 2,338,174	No. 2,338,212
No. 2,338,115	No. 2,338,175	No. 2,338,213
No. 2,338,116	No. 2,338,176	No. 2,338,214
No. 2,338,117	No. 2,338,177	No. 2,338,215
No. 2,338,118	No. 2,338,178	No. 2,338,216
No. 2,338,119	No. 2,338,182	No. 2,338,217
No. 2,338,120	No. 2,338,183	No. 2,338,218
No. 2,338,121	No. 2,338,184	No. 2,338,219
No. 2,338,122	No. 2,338,187	No. 2,338,220
No. 2,338,128	No. 2,338,188	No. 2,338,221
No. 2,338,142	No. 2,338,189	No. 2,338,222
No. 2,338,146	No. 2,338,190	No. 2,338,223
No. 2,338,147	No. 2,338,191	No. 2,338,224
No. 2,338,148	No. 2,338,192	No. 2,338,225
No. 2,338,149	No. 2,338,193	No. 2,338,226
No. 2,338,155	No. 2,338,194	No. 2,338,227
No. 2,338,156	No. 2,338,195	No. 2,338,228
No. 2,338,157	No. 2,338,196	No. 2,338,229
No. 2,338,158	No. 2,338,197	No. 2,338,230
No. 2,338,159	No. 2,338,198	No. 2,338,231
No. 2,338,160	No. 2,338,199	No. 2,338,232
No. 2,338,161	No. 2,338,200	No. 2,338,233
No. 2,338,162	No. 2,338,202	No. 2,338,234
No. 2,338,163	No. 2,338,203	No. 2,338,235
No. 2,338,166	No. 2,338,204	No. 2,338,236
No. 2,338,167	No. 2,338,205	No. 2,338,237
No. 2,338,168	No. 2,338,206	No. 2,338,238
No. 2,338,169	No. 2,338,207	No. 2,338,824
No. 2,338,170	No. 2,338,208	No. 2,338,848
No. 2,338,171	No. 2,338,209	
No. 2,338,172	No. 2,338,210	

Fourth 4½'s, \$1,000:

No. 2,338,124 } These two bonds were regularly numbered on a surface printing
 No. 2,338,125 } division press.

Mr. Jackson, in the foregoing affidavit, states that his reason for certain statements is that the ink appearing in the numbers is entirely too thick to have been printed in any manner possible by the Bureau's presses. Experience has proven that the consistency of printing ink depends upon many factors. One may be accounted for by the amount of varnish or driers. Another factor which would cause ink to thicken would be exposure to the air, especially would this be the case in the binding division, which uses only small quantities. Ink, in any stage, especially that used for the numbering of bonds, will rapidly thicken or dry when exposed to the air. Mr. Jackson states that these bonds have the appearance of being numbered by rubber stamp or other method. *We can find no evidence whatever of a rubber stamp being used or of any method of numbering being followed other than the use of numbering machines on the surface printing division presses or paging machines in the binding division.* Mr. Jackson further states that

All of these bonds are "make-ups," numbered on paging machines. The style and size are identical with sample impressions of type submitted by Mr. Jackson, as superintendent of the binding division, in accordance with the request of the Under Secretary of the Treasury, dated February 12, 1924.

on practically every bond which is listed as not being the Bureau's the numbers are impressed on same with a constant error which would be humanly impossible according to the methods used in printing the "make-up" bonds at the Bureau. Our examination and inspection of these bonds does not disclose the constant error he speaks of.

Mr. Jackson further states that the figures appear to have been touched up after the impression had been made, and in many cases the ink has run through the paper, which does not happen in the Bureau's printing. Your attention is respectfully invited to the fact that figures *have* been touched up in the Bureau of Engraving and Printing after the numbers were impressed upon the paper. When slight imperfections would be noticed after numbering, it had been a common practice to touch up such numbers. In our examination and inspection of the bonds we fail to find any instance where the ink had run through the paper. We did find, however, where an excess quantity of ink had been used on the paging machines for "make-ups," that this excess quantity of ink would offset on the back of the sheet next following, which is a common difficulty in any printing office. Exceptional care should always be taken in cases of this nature to keep the printing from offsetting.

We have been shown extracts from Mr. Brewer's report in which reference is made to certain bonds and notes. We have examined some of these securities, and have to report as follows:

With respect to two \$100 bonds of the Fourth 4 $\frac{1}{4}$'s, both numbered 6,442,597, we find that one was regularly numbered on a surface printing division press and the other is a "make-up," numbered on a paging machine. It was noted that the type used in numbering the "make-up" bond No. 6,442,597 was somewhat different from the type ordinarily used in numbering "make-up" bonds, but we find it to be identical with a sample impression of type submitted by Mr. Jackson, as superintendent of binding division, in accordance with the request of the Under Secretary of the Treasury dated February 12, 1924.

With respect to two \$10,000 Victory 3 $\frac{3}{4}$'s, Nos. 85,543-H and 85,544-H, and to a \$50 Second 4 $\frac{1}{4}\%$ bond, No. 2,640,140, we find that these securities were regularly numbered on a surface printing division press.

There has been submitted to us a copy of a statement made under date of November 19, 1923, by G. P. Jackson, superintendent of the binding division, Bureau of Engraving and Printing, as follows:

Mr. CHARLES B. BREWER,
Special Assistant to the Attorney General,
Department of Justice, Washington, D. C.

NOVEMBER 19, 1923.

DEAR SIR:

I have carefully examined the bonds and coupons of the Fourth 4 1/4 Temporary Liberty Loan issue, which you showed to me this morning, and I am able to say that a portion of these bonds were never numbered at the Bureau of Engraving and Printing. I shall set forth below in detail my comments on the bonds, as different remarks apply to the different bonds.

I am familiar with all the numbering that has been placed on bonds and coupons at the Bureau of Engraving and Printing, where I am *Superintendent of the Binding Division*, which department I entered when thirteen years of age, in 1878, and have been continuously employed there ever since.

Of the bonds and coupons shown to me, I have to make the following statements:

<i>Denomination</i>	<i>Bond Number</i>						
One Thousand Dollar	2523001 "M"	The coupons have characteristics which stamp them spurious.					
" "	"	Bond not seen.					
" "	" 2523002 "M"	"	"	"	"	"	"
" "	" 2523003 "M"	"	"	"	"	"	"
" "	" 2523004 "R" "4" indistinctly printed on coupon No. 1.	"	"	"	"	"	"
" "	" 2523005 "R" "5"	"	"	"	"	"	"
" "	" 2523006 "R" "6"	"	"	"	"	"	"
		Manner of printing casts a doubt on the last three numbers, but does not necessarily prove them spurious as the characteristics on the first three.					
" "	2523007 "M"	The coupons have characteristics which stamp them spurious.					
		Bond not seen.					
" "	" 2523008 "M"	"	"	"	"	"	"
" "	" 2523009 "M"	"	"	"	"	"	"
" "	" 2523010 "M"	"	"	"	"	"	"
One Thousand Dollar	2523011 "R"	Last figure indistinctly printed on coupon No. 1.					
" "	" 2523012 "R"	"	"	"	"	"	"
" "	" 2523013 "R"	"	"	"	"	"	"
" "	" 2523014 "R"	"	"	"	"	"	"
" "	" 2523015 "R"	"	"	"	"	"	"
" "	" 2523016 "R"	"	"	"	"	"	"
" "	" 2523017 "R"	"	"	"	"	"	"
" "	" 2523018 "R"	"	"	"	"	"	"
" "	" 2523019 "R"	"	"	"	"	"	"
	2523006 "R"—Bond shows the "6" indistinctly printed.						
	2523007 "M"—The coupons have characteristics which stamp them spurious.						
		Bond not seen.					

2523006 to 2523010, inclusive, were the only bonds that were seen, except one *duplicate* with the regular numbering—numbered 2523008. The indistinct printing of the last figures on both the bond and the coupons referred to above, appears to have resulted from the printing, which usually would render the bond what is known as "imperfect," and cause it to be replaced. The indistinctness is apparently not the result of erasing as appears on the last figure of coupon No. 1 of the duplicate bond—2523008, nor of the partial erasure of coupon No. 3 of the same bond.

It also is noted that the duplicate bond—2523008 has grease marks on the back over the figure "1,000"; that it does not bear the seal of the department, considered necessary to make it genuine; and that it bears no reorderId's initials, also considered necessary to make it genuine.

You showed me one other coupon with the last figure erased, and I am unable to decipher what the figure means. Unless this is bond number 2523000, this is another duplicate, since I have seen all of the four coupons for each of the nineteen bonds at the same time that I saw the coupon last referred to.

Note: The letters "M" and "R" following the figures above represent the "make-up"—"M" to replace an imperfect bond, and "R" represents the regular bureau numbering.

Yours very truly,

(Signed) G. P. JACKSON

Our examination of the above-mentioned securities shows the following:

\$1,000 Fourth 4½'s:

Coupons Nos. 1-2-3-4,
from bonds Nos.—

2,523,001-----
2,523,002-----
2,523,003-----
2,523,007-----
2,523,009-----
2,523,010-----

Bond No. 2,523,007-----

No. 2,523,009-----

No. 2,523,010-----

These bonds and coupons are "make-ups," numbered on paging machines. The style and size of type used are identical with sample impressions of type submitted by Mr. Jackson as superintendent of binding division, in accordance with the request of the Under Secretary of the Treasury dated February 12, 1924.

\$1,000 Fourth 4½'s:

Coupons Nos. 1-2-3-4
from bonds Nos.—

2,523,004	-----
2,523,005	-----
2,523,006	-----
2,523,011	-----
2,523,012	-----
2,523,013	-----
2,523,014	-----
2,523,015	-----
2,523,016	-----
2,523,017	-----
2,523,018	-----
2,523,019	-----

Bond No. 2,523,006-----

These coupons and bond No. 2,523,006 were regularly numbered on a surface printing division press.

\$1,000 Fourth 4½'s No.
2,523,008 -----

Two bonds bearing this number were examined by us. One was regularly numbered on a surface printing division press. Mr. Jackson calls attention to the fact that this bond has grease marks on the back, and that it does not bear the seal of the Department. This is a mutilated bond and it does not bear an impression of the Treasury seal or the initials of a recorder. As above stated, it was regularly numbered on a surface printing division press, but was rejected as a mutilated bond. There is evidence of a pencil mark in a diagonal line from the lower left-hand corner to the upper right-hand corner, which mark has been erased. This diagonal line is another evidence that the bond was marked as defective. In addition to the mutilated bond just mentioned, we inspected a "make-up" bond, also bearing the number 2,523,008. This bond was numbered on a paging machine, the style and size of type are identical with one of the sample impressions of type submitted by Mr. Jackson as superintendent of the binding division, in accordance with request of the Under Secretary of the Treasury dated February 12, 1924. With respect to both the imperfect bond and the "make-up" bond, detached coupons Nos. 1, 2, 3, and 4 were examined by us. The imperfect bond was undoubtedly rejected on account of the imperfect printing of the right-hand digit. In regard to bond No. 2,523,008, Mr. Jackson's affidavit mentions "partial erasure." Upon close examination and inspection we fail to find any evidence of alteration or erasure.

In connection with the foregoing, we inspected interest coupons pertaining to bonds Nos. 2,523,001 to 2,523,019, inclusive, and our examination of these coupons fails to disclose characteristics which would stamp them as spurious. Some of these coupons have already been mentioned above. *In every case we found that the coupons were either numbered on a surface printing division press or were "make-ups" numbered by paging machines, and in every instance were printed from type identical in every respect with that used in the Bureau of Engraving and Printing, as indicated by comparison with impressions of type faces submitted by the superintendent of the binding division.*

There have been submitted to us copies of affidavits executed under date of August 16, 1922, by George F. Peck and Chas. A. Parent, foremen in the Bureau of Engraving and Printing, as follows:

Statement of George F. Peck, made to and in the presence of Mr. Charles B. Brewer, Special Assistant to the Attorney General, Mr. Louis A. Hill, Director of Bureau of Engraving and Printing, and Mr. John Perry, Assistant Director of Bureau of Engraving and Printing, in the office of the Director of Bureau of Engraving and Printing, Washington, D. C., Thursday, June 22, 1922, and taken in shorthand and transcribed by Mr. Fred A. Carlson, of Hart, Dice & Carlson, Shorthand Reporters, of Washington, D. C.

My name of [is] George F. Peck. I am foreman of the numbering division of the Bureau of Engraving and Printing, and I have charge of the numbering and sealing of money.

Having been asked as to the probability of numbering machines duplicating themselves I have to state that it is an impossibility for numbering machines to duplicate themselves accidentally on my work without being detected. These machines can be made to duplicate designedly, that is, if you desire to reproduce the same number the operator can turn the machine back and reproduce any number he chooses. But this happens, as stated, by design, and not accidentally.

The mechanical operation of the numbering blocks and numbering machines for use in numbering bonds is the same and functions the same as when numbering money.

As to the frequency of the occurrence of duplication of numbering I will state that such duplication is most extraordinary and is always detected, and in my remembrance does not occur oftener than once a year in a production of 500,000 sheets per day, or 2,000,000 notes per day, in my division. Such happenings are admittedly an error of the operator and not a mechanical error of the numbering block.

Where such duplication occurs it results in the work coming out short. For instance, if it occurs in one sheet there will be one sheet short in a package because the last number would not correspond with the total number of sheets the printer ought to have.

(Signed) GEORGE F. PECK.

Subscribed and sworn to before me this 16th day of August, 1922.

(SEAL)

(Signed) THOS. W. Goss,
Notary Public.

My commission expires April 10, 1927.

Statement of Charles A. Parent, made to and in the presence of Mr. Charles B. Brewer, Special Assistant to the Attorney General, Mr. Louis A. Hill, Director of the Bureau of Engraving and Printing, and Mr. John Perry, Assistant Director of Bureau of Engraving and Printing, in the office of the Director of Bureau of Engraving and Printing, Washington, D. C., Thursday, June 22, 1922, and taken in Shorthand and transcribed by Mr. Fred A. Carlson, of Hart, Dice & Carlson, Shorthand Reporters, of Washington, D. C.

My name is Charles A. Parent. I am technical foreman of presses in the numbering division.

Having been asked as to the probability of numbering machines duplicating themselves I have to state that it is an impossibility for numbering machines to duplicate themselves accidentally on my work without being detected. These machines can be made to duplicate designedly, that is, if you desire to reproduce the same number the operator can turn the machine back and reproduce any number he chooses. But this happens, as stated, by design, and not accidentally.

The mechanical operation of the numbering blocks and numbering machines for use in numbering bonds is the same and functions in the same way as when numbering money.

As to the frequency of the occurrence of duplication of numbering I will state that such duplication is most extraordinary and is always detected, and in my remembrance does not occur oftener than once a year in a production of 500,000 sheets per day, or 2,000,000 notes per day in my division. Such happenings are admittedly an error of the operator and not a mechanical error of the numbering block.

Where such duplication occurs it results in the work coming out short. For instance, if it occurs in one sheet there will be one sheet short in a package because the last number would not correspond with the total number of sheets the printer ought to have.

After making the above statement I was shown some one-thousand-dollar Joint Stock Farm Loan bonds printed for the Federal Reserve Bank of St. Louis, Missouri, in duplicate, numbered as follows:

M152005	M152205
M152006	M152006
M152007	M152007

and duplicates also of:

M152008	M152008
M152009	M152009
M152010	M152010
M152011	M152011
M152012	M152012
M152013	M152013
M152014	M152014

All together thirty bonds with duplicate numbers, totalling sixty bonds.

On some of these bonds the numbers on the backs were different from the numbers appearing on the face. For example, on one of the duplicate bonds, M152222, the number of the back is M150015.

I have to state that with my long experience the only possible explanation that I can offer for these occurring, especially since the duplicates which I have examined are all mutilated bonds and the third good bond must exist, is that these numbers were purposely placed on these bonds.

One explanation which might be offered, and the only one which would be at all consistent, would be that these bonds were numbered on a hand press, but if this were true there would be no occasion for mutilating the sister duplicate of the bond on which the numbering is perfect on face and back, as is shown in the case of some of these bonds, notably bonds M152883 correctly numbered twice on the face and once on the back, and M152883 correctly numbered in both places on the face, and incorrectly numbered M150016 on the back.

It is further noted that one of these bonds is printed from plate sequence number 1, subject A, and the other is printed from plate sequence number 1, subject B, which would seemingly show that the good bond was thrown away because it was on the sheet with the imperfect bond. This, however, is not correct, because the size of the sheets and the registry marks show that they did not come from the same sheet of paper.

A number of these bonds which are duplicates, notably bond number M152008 and its sister duplicate, are shown on examination to be printed from plate sequence number 2, subject B, and the other likewise from plate sequence number 2, subject B.

It might be explained that these bonds are printed two subjects to the sheet; one will be subject A, and on the same sheet will appear subject B. "A" subjects will be numbers 1, 3, 5, 7, etc., and "B" subjects will be 2, 4, 6, 8, etc.

In case these bonds have been printed as partlings, that is, with the sheet separated and printed as single bonds, there would have been no occasion for mutilating the duplicate of many of the bonds as appear, because there has been no error on the duplicate.

The various points above have been gone into to show the impossibility of these bonds having been numbered as they appear, except by design.

(Signed) CHARLES A. PARENT

Subscribed and sworn to before me this 16th day of August, 1922.

(Signed) THOS. W. GOSS, Notary Public.

My commission expires April 10, 1927.

(SEAL)

We wish to state emphatically that numbering machines *can repeat* by accident and such accidental repetitions have been known to occur in the numbering of bonds and other classes of securities work. Some part of a numbering machine may break, such as a retaining pawl, a comb spring, an actuating pawl, or other parts; a plunger may become so clogged with dried ink, gummy oil, or other foreign substance, that when the plunger is forced down by the impression cylinder of the press it would fail to return to its original position, which action of the plunger causes a movement of the discs to advance the numbers. It can readily be seen, therefore, that whenever a plunger fails to work, as above described, it means repetition of numbers until detected by the pressman operating the machine. This statement applies particularly to typographical numbering machines used on flat bed cylinder presses and used in numbering all Liberty bonds other than "make-ups."

There was submitted to us a copy of a statement appearing in Mr. Brewer's report, as follows:

"When an 'imperfect' bond is replaced by a 'star' its place in the public debt has, of course, disappeared. When, however, Loans & Currency submitted for credit certain lists of bonds which it stated had been destroyed as 'Unissued Stock' it was found that certain of the numbers represented star bonds and that several of the numbers for which the star bonds stood had already been presented through a Federal Reserve Banks and paid. The 'Star' thus duplicated the bond paid. One of these 'Stars' represented a \$1,000 Bond \$78,970 of the regular numbers (the star number was 162). Examination of the Duplicate List showed that not only was this number duplicated but that *it was one of a series of ten duplicates running continuously from 878,968 to 878,977*, both bonds having come in from New York on different dates in seven different lots ranging from \$713,950 to \$103,436,850. At least this is the way the record shows. But one of each of the ten duplicates came in in 1918 and at that time and until the Fall of 1919 none of the Federal Reserve Banks listed the bonds sent in,—all the listing at this time being done in Loans & Currency at Washington and quantities of them are said to have waited eighteen months to two years before being listed. *Nineteen of the twenty bonds involved have been destroyed.* This has rendered the tracing of them most difficult though considerable progress has been made."

In connection with the above there was submitted for our inspection one bond of the Second 4's, \$1,000 denomination, No. 878,974. This bond was made up on a paging machine as per sample impression of type submitted by Mr. Jackson as superintendent of the binding division, in accordance with the request of the Under Secretary of the Treasury dated February 12, 1924.

Our attention has been called to a statement made by Mr. Brewer that inspection of the duplicate bonds which have not been destroyed revealed in many cases that the type used for printing the numeral was of different types on the sister bonds, and a different style type from that used on the regular presses. In answer to this, attention is again invited to the fact that *all the bonds and coupons inspected by us were numbered from type faces identical in every respect to those used in the Bureau of Engraving and Printing.*

There has been submitted to us a copy of an affidavit signed by H. R. Leesnitzer, a foreman in the surface printing division of the Bureau of Engraving and Printing, in which he makes the following statement to Mr. Brewer:

You have shown me in the strictest confidence certain evidence, that is: A number of coupon Liberty bonds with small dots over the numbers. I have to state that there is no possibility of such dots being made legitimately on a numbering machine which has been in the Bureau during the 31 years that I have been connected with the Bureau. I also note that on the \$50 coupon of 4½% Second Loan, No. 1,461,500, that the ink is not the Bureau ink which we used then or ever.

We respectfully invite your attention to the fact that these dots are caused by a surplus quantity of ink being used. The numbering machines are assembled with a given number of discs on which there are ten figures each. If a surplus amount of ink is used, the excess quantity will not be deposited on the face of the figures but will run down between the figures, and these dots to which Mr. Leesnitzer refers are caused by this accumulation of ink between the top of one figure and the bottom of the next figure. This surplus ink will seep down the top and bottom of the figures, and when a given quantity of ink is thus deposited it gradually rises to the height of the figures themselves in tiny points resembling dots. This is the cause of the small dots over the numbers. In addition, if heavy pressure is used, the paper becomes crimped, so that a partial impression of the preceding or following discs appears, resulting in a fine line over or below the number.

In this report attention has been called to the affidavits of Messrs. Jackson, Peck, and Parent in which they make statements contrary to the known facts in relation to printing conditions during the period in which these bonds were printed and numbered. *Our examination has shown that their statements are not true.* We have already explained that the dots

above numbers were caused by an excess quantity of ink being used. We have also called attention to the fact that numbers may be impressed on bonds or any other class of printed work at any angle desired, either on a printing press or on a paging machine. We have stated that there is no evidence of rubber stamps having been used. All of the bonds referred to in this report as "make-ups" were numbered in the binding division, and the style and size of type used in numbering the "make-ups" are identical with sample impressions of type submitted by Mr. Jackson, as superintendent of the binding division, in accordance with the request of the Under Secretary of the Treasury, dated February 12, 1924. We have called attention to the fact that numbering machines will repeat under certain conditions. Errors in setting the numbers on paging machines are always possible, for the reason that the numbers on paging machines are changed by hand. In regard to the quality of ink used in numbering the bonds examined by us, we wish to state that there is considerable evidence of partially dried ink being used, *but there is no evidence that the ink used was other than that furnished by the Bureau of Engraving and Printing.*

In conclusion we wish to state that we have very carefully examined and inspected all of the bonds submitted to us, and where these bonds have been mentioned in affidavits or statements we have given a full report of what we found to be the facts. *In not a single instance did we find spurious numbers.* We have positively identified every bond examined as being numbered with the same type face as that used in the Bureau of Engraving and Printing, and for this purpose we used sample impressions of numbering machines used by the surface printing division of the Bureau, and sample impressions of type submitted by Mr. Jackson, as superintendent of the binding division.

Respectfully,

(Signed)

GEORGE M. DUNCAN.

(Signed)

EDWARD E. MYERS.

EXHIBIT E.

DISCREPANCIES IN PAPER ACCOUNTS BETWEEN THE SECRETARY OF THE TREASURY AND THE BUREAU OF ENGRAVING AND PRINTING.

Communication from the President of the United States, transmitting, together with an accompanying letter from the Director of the Bureau of the Budget, a supplemental estimate of appropriation for the Treasury Department for the fiscal year ending June 30, 1923, to adjust losses shown to have occurred to the Government on account of discrepancies existing on April 8, 1922, in the paper accounts between the office of the Secretary of the Treasury and the Bureau of Engraving and Printing, \$100,000. 67th Cong., 4th sess. S. Doc. No. 335.

THE WHITE HOUSE,
Washington, February 28, 1923.

The PRESIDENT OF THE SENATE.

SIR: I have the honor to transmit herewith for the consideration of Congress supplemental estimate of appropriation for the Treasury Department for the fiscal year ending June 30, 1923, to permit of the adjustment of any discrepancies in the paper accounts between the office of the Secretary of the Treasury and the Bureau of Engraving and Printing existing on April 8, 1922, and the adjustment of any actual losses which may be shown to have occurred to the Government on account of such discrepancies, \$100,000.

The details of this estimate and the reason for its submission at this time are set forth in a letter of the Director of the Bureau of the Budget, transmitted herewith, with whose comments and observations thereon I concur.

Respectfully,

WARREN G. HARDING.

TREASURY DEPARTMENT, BUREAU OF THE BUDGET,
Washington, February 28, 1923.

SIR: I have the honor to transmit herewith for your consideration, and upon your approval for transmission to Congress, a supplemental estimate of appropriation for the Treasury Department for the fiscal year ending June 30, 1923, to adjust any actual losses which may be shown to have occurred to the Government on account of discrepancies existing on April 8, 1922, in the paper accounts between the office of the Secretary of the Treasury and the Bureau of Engraving and Printing, \$100,000.

The Secretary of the Treasury is authorized to adjust discrepancies existing on April 8, 1922, in the paper accounts between the office of the Secretary and the Bureau of Engraving and Printing, and there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$100,000, or so much thereof as may be necessary, for the adjustment of any actual losses that may be shown to have occurred to the Government on account of any such discrepancies— \$100,000

In explanation of this estimate I quote the following from a letter of the Secretary of the Treasury, dated February 27, 1923:

I am transmitting herewith, in order to indicate the differences to be adjusted, a summary of the reports on the distinctive paper accounts made by the committees appointed to verify the paper accounts of the Bureau of Engraving and Printing, including the first Treasury committee which reported on August 5, 1920, and the two subsequent committees, one from the Department of Justice and the other from the Treasury, which both verified the accounts as of April 8, 1922, one reporting on August 4, 1922, and the other on May 11, 1922.

As appears from the summary, these two reports are in substantial agreement with respect to the differences found. After allowing for offsetting items, and aggregating differences by the principal classes of paper, there appear to be shortages, according to the report of the Treasury committee, amounting to 636 sheets of United States currency paper, 5 sheets of Philippine Island currency paper, $212\frac{3}{4}$ sheets of United States bond paper, and 7 sheets of miscellaneous bond paper, a total of $860\frac{3}{4}$ sheets of distinctive paper. In this connection it is proper to state that during the period covered by the reports, from March 31, 1917, to April 8, 1922, there were 1,056,794,721 sheets of distinctive paper issued to the Bureau of Engraving and Printing, against which there appears to be a net shortage of only $860\frac{3}{4}$ sheets.

It is impossible to determine definitely whether these differences involve loss to the Government, or if so, in what amount. Some of the differences, it is known, are accounted for by petty thievery, and in many cases the guilty parties have been apprehended. As to the differences generally, the Department of Justice report contains the following comments:

"Attention may be called to the fact that in handling 97,981,320 sheets of Liberty loan bond paper, covering a period of three years and during which the plant was in continuous operation, with the corridors stacked with sheets, there is a proven loss of but $113\frac{3}{4}$ sheets and no more."

* * * * *

"In regard to the net shortage of $636\frac{3}{4}$ (5 sheets Philippine money paper included) sheets of fiber money paper, there are two known thefts * * * that account for 286 sheets, leaving $350\frac{3}{4}$ unaccounted for, but as has previously been pointed out, against this there are pay checks for \$18 sheets, reports covering 1,157 sheets, book entries covering 185 sheets, a total of 2,160 sheets. The bureau handled 973,659,745 sheets of money paper from April 1, 1917, to April 8, 1922, during which period there was a net loss of $350\frac{3}{4}$ sheets.

"With respect to the differences, it is impossible to say what proportion of the differences is due to theft and what to error. In any case, they should not be allowed to run indefinitely but should be promptly cleared off the records by proper adjustments with the chief of the division of paper custody, after which the uncanceled pay checks should be properly disposed of."

Following its report of May 11, 1922, a further effort was made by the Treasury committee, which included representatives of the Secretary of the Treasury, the Comptroller of the Currency, and the Director of the Bureau of Engraving and Printing, to analyze the differences in order to determine the money loss to the Government. Its supplemental report, based on this analysis, estimates the possible money loss to the Government on account of discrepancies in both distinctive and nondistinctive paper at \$54,632.34, part of which has actually materialized, as, for example, in the form of Federal reserve notes and Federal reserve bank notes stolen from the Bureau of Engraving and Printing without seal or serial number and subsequently redeemed by the Treasurer to the amount of \$5,582. Further losses may develop from the differences which have been found, but as already indicated it is quite impossible to predict the exact amount, and I have therefore submitted the estimate in terms of an appropriation of \$100,000, or so much thereof as necessary, to adjust the accounts. Having in mind the reports which have been made and the evidence presented, I believe that this will be sufficient to cover all losses which are likely to materialize.

It is considered important to clean the slate of the Bureau of Engraving and Printing in these matters as promptly as possible, and this can be accomplished if favorable consideration is given by Congress to the estimate herewith.

Your approval of this estimate is recommended.

Very respectfully,

H. M. LORD,
Director of the Bureau of the Budget.

The PRESIDENT.

REPORTS OF EXAMINATIONS OF BUREAU OF ENGRAVING AND PRINTING.

Distinctive paper for printing currency notes and public debt securities is held by the Division of Paper Custody in the office of the Secretary of the Treasury, and is issued to the Bureau of Engraving and Printing from time to time for printing authorized to be done. With respect to such paper issued to the Bureau, credit is given for all perfect work delivered to the administrative offices charged with the respective issues, and for all imperfect or other canceled work delivered to the custodian of paper for verification and destruction.

The records of the Division of Paper Custody show the following with respect to transactions in distinctive paper from March 31, 1917, to April 8, 1922, which period covers the war printing and other printing to April 8, 1922, on which date a verification of balancees of distinctive paper with the Bureau was directed by the Secretary and independently undertaken by the director:

	Number of sheets.	Total number of sheets.
Balances in stock Mar. 31, 1917:		
United States currency.....	14,272,317	
Philippine currency.....	441,667	
Bonds, etc.....	571,742	
		<u>15,285,726</u>
Received into stock:		
United States currency.....	964,042,808	
Philippine currency.....	10,948,236	
Bonds, etc.....	113,901,227	
		<u>1,088,892,291</u>
		<u>1,104,178,017</u>
Issued from stock:		
United States currency.....	938,378,633	
Philippine currency.....	10,112,998	
Bonds, etc.....	108,303,090	
		<u>1,056,794,721</u>
Balances in stock Apr. 8, 1922:		
United States currency.....	39,936,492	
Philippine currency.....	976,925	
Bonds, etc.....	6,469,879	
		<u>47,383,296</u>
		<u>1,104,178,017</u>
Balances in bureau Apr. 8, 1922:		
United States currency.....	27,373,120	
Philippine currency.....	15,659	
Bonds, etc.....	3,698,466 $\frac{1}{2}$	
		<u>31,087,245$\frac{1}{2}$</u>

The balances in the Bureau were verified by two committees, that of the Treasury Department, which reported on May 11, 1922, and that of the Department of Justice for the Director of the Bureau of Engraving and Printing, which reported on August 4, 1922. The findings follow:

	Treasury committee.	Department of Justice committee.
Balances of distinctive paper in the Bureau of Engraving and Printing on Apr. 8, 1922:		
United States currency.....	27,372,484	27,372,488 $\frac{1}{2}$
Philippine currency.....	15,654	15,654
Bonds, etc.....	3,698,247 $\frac{1}{2}$	3,698,192 $\frac{1}{2}$
Total.....	31,086,335 $\frac{1}{2}$	31,086,334 $\frac{1}{2}$
Net differences (short) from Secretary's balances:		
United States currency.....	636	631 $\frac{1}{2}$
Philippine currency.....	5	5
Bonds, etc.....	219 $\frac{1}{2}$	214 $\frac{1}{2}$
Total.....	860 $\frac{1}{2}$	851 $\frac{1}{2}$

Summary of balances and discrepancies.

	Secretary's balances, Apr. 8, 1922.	Treasury committee report, May 11, 1922.			Department of Justice committee report, Aug. 4, 1922.		
		Balances.	Over.	Short.	Balances.	Over.	Short.
Paper currency:							
United States currency—							
United States notes.....	8,598,245	8,588,860		9,385	8,588,859		9,386
Silver certificates.....	10,620,916	10,620,168		748	10,620,168		747
Gold certificates.....	1,487,250	1,487,250			1,487,250		
National bank notes.....	2,923,660	2,923,061	7	6	2,923,061	7	6
Federal reserve notes.....	2,913,747	2,922,812	9,402	337	2,922,815	9,405	337
Federal reserve bank notes.....	829,902	830,333	6,731	6,300	830,335	6,733	6,300
Total.....	27,373,120	27,372,484	16,140	16,776	27,372,484	16,145	16,776
Net.....				(636)			(631)
Philippine Island currency.....	15,659	15,654	1,000	1,005	15,654	1,000	1,005
Total currency paper.....	27,388,779	27,388,138	17,140	17,781	27,388,142	17,145	17,781
Net.....				(641)			(636)
Liberty bonds and Victory notes:							
First Liberty loan 3½ per cent bonds—							
Coupon bonds.....	151,156	142,942		8,214	142,942		8,214
Coupon sheets.....	268,549	268,614	1,713½	1,648½	268,614	1,721½	1,656½
Registered bonds.....	2,311½	10,411½	8,100		10,411½	8,100	
Total.....	422,016½	421,967½	9,813½	9,862½	421,967½	9,821½	9,870½
Net.....				(49)			(59)
First Liberty loan converted 4 per cent bonds—							
Temporary coupon bonds.....	1,948½	3,186	1,237½		3,186	1,237½	
Registered bonds.....	3,402½	3,428	27	14	3,428	27	14
Total.....	5,351	6,614	1,264½	14	6,614	1,264½	14
Net.....			(1,263)			(1,263)	
Second Liberty loan 4 per cent bonds—							
Temporary coupon bonds.....	2,645½	1,259		1,395½	1,250		1,395½
Registered bonds.....	4,424½	4,528½	126½	22½	4,528½	126½	22½
Total.....	7,070½	5,778½	126½	1,418½	5,778½	126½	1,418½
Net.....				(1,291)			(1,291)
Liberty Loan 4½ per cent bonds—							
Temporary coupon bonds.....	39,831½	39,998½	275½	108	39,881½	158½	108
Registered bonds.....	326,659½	326,493½	1	166½	326,610½	118	166½
Total.....	366,490½	366,492½	276½	274½	366,492½	276½	274½
Net.....			(1½)			(1½)	
Victory Liberty loan—							
Coupon notes.....	50,914½	50,919	44		50,918	34	
Registered notes.....	11,546	11,547	1		11,547	1	
Total.....	62,460½	62,466	5½		62,465	34	
Net.....			(5½)			(41)	
Liberty loan permanent coupon bonds—							
First converted 4's.....	3,006	3,003			3,006		
Second 4's.....	9,882	9,884	2		9,884	2	
First converted 4½'s.....	198,238	198,239	2	1	198,239	2	1
First Second converted 4½'s.....	1,074	1,074			1,074		
Second converted 4½'s.....	19,034	19,068	35	1	19,041	8	1
Third 4½'s.....	14,098	14,126	28		14,126	28	
Fourth 4½'s.....	870,546	870,439		107	870,439		107
Total.....	1,115,878	1,115,836		67	1,115,836	67	109
Net.....				(42)			(42)
Special 4 per cent adjustment coupons.....							
First Liberty loan interim certificates.....	3,102½	3,102½			3,102½		
Total.....	300	300		100	300		100
Difference.....							
Net.....							
Miscellaneous bonds, notes, and certificates:							
Postal savings bonds.....	245	245			245		
2 per cent consols of 1930.....	190	190			190		
4 per cent loan of 1925.....	121	121			121		
Federal land-back bonds.....	258,321½	258,317½		4	258,317½		4
Joint-stock land-back bonds.....	309,358	309,357		1	309,357		1
One-year Treasury notes.....	7,675	7,675			7,675		
Interim transfer certificates for postal savings bonds.....	60	60					
Interim certificates for joint-stock land-back bonds.....	10,325½	10,325½			10,325½		
Interim certificates for Philippine Island bonds.....	23,475	23,475			23,475		
Interim certificates for Porto Rican bonds.....	675	675			675		

Summary of balances and discrepancies—Continued.

	Secretary's balances, Apr. 8, 1922.	Treasury committee report, May 11, 1922.			Department of Justice committee report, Aug. 4, 1922.		
		Balances.	Over.	Short.	Balances.	Over.	Short.
Miscellaneous bonds, notes, and certificates—Continued.							
Treasury notes—							
6 coupons.....	224,423 $\frac{3}{4}$	224,423 $\frac{3}{4}$			224,423 $\frac{3}{4}$		
8 coupons.....	95,201	95,201			95,201		
10 coupons.....	213,888	213,888			213,888		
Treasury certificates of indebtedness—							
2 subjects.....	43,942	43,940		2	43,940		2
8 subjects.....	84,272	84,272			84,272		
4 subjects.....	151,734	151,734			151,734		
2 subjects, specials.....	100	100			100		
Treasury savings certificates, new issue.....	290,953 $\frac{3}{4}$	290,953 $\frac{3}{4}$			290,953 $\frac{3}{4}$	6	
Treasury savings certificates, series of 1919.....							
Philippine Island public improvement bonds.....	17	17			17		
Philippine Island certificates of indebtedness.....	1,020	1,020			1,020		
Total.....	1,715,997 $\frac{1}{2}$	1,715,990 $\frac{1}{2}$	$\frac{1}{2}$	7	1,715,936 $\frac{1}{2}$	6	7
RECAPITULATION.							
Paper currency.....	27,388,779	27,388,138	17,140	17,781	27,388,142 $\frac{1}{4}$	17,145	17,781 $\frac{1}{4}$
Liberty bonds and Victory notes.....	1,982,469 $\frac{1}{2}$	1,982,256 $\frac{3}{4}$	11,552 $\frac{1}{2}$	11,765 $\frac{1}{2}$	1,982,255 $\frac{3}{4}$	11,559 $\frac{1}{2}$	11,773 $\frac{3}{4}$
Miscellaneous.....	1,715,997 $\frac{1}{2}$	1,715,990 $\frac{1}{2}$	($\frac{1}{2}$)	7	1,715,936 $\frac{1}{2}$	6	7
Total.....	31,087,245 $\frac{3}{4}$	31,086,385 $\frac{1}{2}$	28,692 $\frac{3}{4}$	29,553 $\frac{1}{2}$	31,086,334 $\frac{1}{2}$	28,710 $\frac{3}{4}$	29,562 $\frac{3}{4}$
Difference.....					(911 $\frac{1}{2}$)	(60)	
Net.....			(860 $\frac{3}{4}$)		(860 $\frac{3}{4}$)	(851 $\frac{1}{2}$)	(851 $\frac{1}{2}$)
Treasury committee, net short.....							860 $\frac{3}{4}$
Department of Justice committee, net short.....							851 $\frac{1}{2}$
Difference.....							9 $\frac{1}{2}$
As follows:							
United States notes 2's.....							-1
Silver 1's, Department of Justice.....							+ $\frac{1}{2}$
Federal reserve notes 5's, Department of Justice.....							+3
Federal reserve bank notes 1's, Department of Justice.....							+2
Treasury savings certificates blanks, Department of Justice.....							+6
Liberty bonds and Victory notes.....							-1
Net.....							+94

Details of discrepancies (including discrepancies reported by former Treasury committee).

	Treasury committee report, Aug. 5, 1920.	Treasury committee report, May 11, 1922.		Department of Justice committee report, Aug. 4, 1922.		Difference.
		Over.	Short.	Over.	Short.	
Currency paper:						
United States currency paper (8 $\frac{1}{2}$ by 13 $\frac{1}{2}$ and 8 $\frac{1}{2}$ by 13 $\frac{1}{2}$),						
4 subjects—						
United States notes—						
\$1.....		4,819		4,819		4,819
\$2.....		2,531		4,531		4,532
\$5.....		35		35		35
Silver certificates—						
\$1.....		2,725		733		732 $\frac{1}{4}$
\$2.....		10		10		10
\$5.....		1		5		5
National-bank notes—						
\$5.....	5		7		7	
\$10 and \$20.....		3		6		6
Federal reserve notes—						
\$5.....	9,653		9,402		9,405	
\$10.....		420		223		223
\$20.....		111		114		114
Federal reserve bank notes—						
\$1.....	6,714		6,729		6,731	
\$2.....	3	1	2		2	
\$5.....		6,288		6,290		6,290
\$10.....		189		10		10
Net.....	16,564	16,944	16,140	16,776	16,145	16,776 $\frac{3}{4}$
		380		636		631 $\frac{1}{4}$

Details of discrepancies (including discrepancies reported by former Treasury committee)—Continued.

	Treasury committee report, Aug. 5, 1920.		Treasury committee report, May 11, 1922.		Department of Justice committee report, Aug. 4, 1922.		Difference.
	Over.	Short.	Over.	Short.	Over.	Short.	
Philippine Island currency paper:							
Philippine national bank notes—							
5 peso.....				2		2	
1 peso.....	1,030		1,000		1,000		
20 peso.....	1		1		1		
Silver certificates—							
5 peso.....				2		2	
Treasury certificates—							
1 peso.....	1,000		1,000		1,000		
Net.....	1,000	1,003	1,000	1,005	1,000	1,005	
Total currency paper.....	17,564	17,947	17,140	17,781	17,145	17,781	
Net.....	383		641		630		
Liberty bonds and Victory notes:							
First Liberty loan 3½ per cent bonds—							
Coupon bonds—							
\$50.....		206½		206½		206½	
\$100.....		3,002		3,002		3,002	
\$500.....		1		1		1	
\$1,000.....		5,004½		5,004½		5,004½	
Coupon sheets—							
Blank.....	46		46		46		
\$50.....	1,667½		1,667½		1,667½		
\$100.....		1,638		1,638		1,638	
\$1,000.....		10½		10½	8	18½	
Registered bonds—							
\$100.....	3,000		3,000		3,000		
\$1,000.....	5,100		5,100		5,100		
Net.....	9,813½	9,862½	9,813½	9,862½	9,821½	9,870½	
49		49		49		49	
Paper, 18½ by 20, 4 subjects, temporary coupon bonds—							
First converted 4's—							
\$50.....	960½		960½		960½		
\$100.....	41½		41½		41½		
\$500.....	12		12		12		
\$1,000.....	11½		11½		11½		
Blank.....	212		212		212		
Second 4's—							
\$50.....		1,123		1,123		1,123	
\$100.....		44½		44½		44½	
\$500.....		11½		11½		11½	
\$1,000.....		217		217		217	
Net.....	1,237½	1,395½	1,237½	1,395½	1,237½	1,395½	
158½			158½		158½		
Paper, 20 by 18½, 4 subjects, registered bonds—							
First converted 4's—							
\$50.....	22		22		22		
\$100.....	5		5		5		
\$1,000.....		1½		1½		1½	
\$10,000.....		1½					
Second 4's—							
\$50.....		22½		22½		22½	
\$100.....		92½		92½		92½	
\$500.....		31		31		31	
\$1,000.....		3		3		3	
\$10,000.....		4					
Net.....	155	24½	153½	23½	153½	23½	
130½		28	130	28½	130	28½	
Paper, 20 by 18½, 19½ by 18½, 6 subjects, Liberty loan 4½ per cent bonds—							
Temporary coupon bonds—							
\$50.....		106		106		106	
\$100.....	147½		148½		148½		
\$1,000.....	9½		10		10		
\$10,000.....		2		2		2	
Blank.....	117		117				
Registered bonds—							
\$50.....	1		1				
\$100.....		166½		166½		166½	
Net.....	275½	274½	276½	274½	276½	274½	
8		8	½	8	½	8	

Details of discrepancies (including discrepancies reported by former Treasury committee)—Continued.

	Treasury committee report, Aug. 5, 1920,		Treasury committee report, May 11, 1922,		Department of Justice committee report, Aug. 4, 1922,		Difference.
	Over.	Short.	Over.	Short.	Over.	Short.	
Liberty bonds and Victory notes—Continued.							
Paper, 20 by 18 $\frac{1}{2}$, 4 subjects, coupon notes—			4 $\frac{1}{2}$		3 $\frac{1}{2}$		
Victory 3 $\frac{1}{2}$'s—							
Tints—	2						
\$50.	1						
Victory 4 $\frac{1}{2}$'s—	4						
Tints—	2 $\frac{1}{2}$	3					
\$50.	2 $\frac{1}{2}$	2 $\frac{1}{2}$					
\$100.		1					
\$500.							
Net.....	256 $\frac{1}{2}$	256 $\frac{1}{2}$	4 $\frac{1}{2}$		3 $\frac{1}{2}$		
Paper, 20 $\frac{1}{2}$ by 11 $\frac{1}{2}$, 3 subjects, registered notes, Victory 4 $\frac{1}{2}$'s, \$100.....		1 $\frac{1}{2}$	1				
Liberty loan permanent coupon bonds:							
Second 4's, 13 $\frac{1}{2}$ by 18 $\frac{1}{2}$, 1 subject, blank—	1		2		2		
First 4 $\frac{1}{2}$'s, 17 $\frac{1}{2}$ by 15, 1 subject—							
\$50.....	5			1			1
\$1,000.....			2		2		
First Second 4 $\frac{1}{2}$'s, 1 subject, blank—						27	
Second 4 $\frac{1}{2}$'s, 20 $\frac{1}{2}$ by 11 $\frac{1}{2}$, 1 subject—							
\$50.....		1	8			8	
\$100.....				1			1
Blank.....	2		27				
Third 4 $\frac{1}{2}$'s, 17 $\frac{1}{2}$ by 15 $\frac{1}{2}$, 2 subjects—							
\$50.....	4 $\frac{1}{2}$		7			7	
\$100.....		3 $\frac{1}{2}$	11			1 $\frac{1}{2}$	
\$1,000.....	4		3			3	
Blank.....			7				
Fourth 4 $\frac{1}{2}$'s, 1 subject—					106		106
\$50.....				1			1
\$1,000.....							
Net.....	16 $\frac{1}{2}$	4 $\frac{1}{2}$	67	109	67	109	
12			42			42	
First Liberty loan interim certificates, 20 per cent paid, 6 subjects, 18 $\frac{1}{2}$ by 20.....		100		100		100	
Net.....	11,754 $\frac{1}{2}$	11,918 $\frac{1}{2}$	11,552 $\frac{1}{2}$	11,765 $\frac{1}{2}$	11,559 $\frac{1}{2}$	11,773 $\frac{1}{2}$	
164 $\frac{1}{2}$			212 $\frac{1}{2}$			213 $\frac{1}{2}$	
Miscellaneous:							
Federal land bank bonds—							
Registered bonds; \$100.....	1 $\frac{1}{2}$						
Coupon bonds:							
\$100.....		1 $\frac{1}{2}$					
\$1,000.....		1 $\frac{1}{2}$					
Coupon sheets:							
\$500.....		1 $\frac{1}{2}$	2 $\frac{1}{2}$			2 $\frac{1}{2}$	
\$1,000.....	1		1			1	
Joint-stock land bank bonds, registered bonds; \$1,000.....		1		1			
Treasury certificates of indebtedness, 13 by 10 $\frac{1}{2}$, 2 subjects, \$1,000.....		2		2		2	
Treasury savings certificates, blank.....					6		
Total.....	1 $\frac{1}{2}$	5 $\frac{1}{2}$		7	6	7	
Net.....		5		7		1	

¹ Includes blanks.

Estimates of appropriations required for the service of the fiscal year ending June 30, 1923, by the Treasury Department, Office of the Secretary.

The Secretary of the Treasury is authorized to adjust discrepancies existing on April 8, 1922, in the paper accounts between the Office of the Secretary and the Bureau of Engraving and Printing, and there is hereby appropriated out of any money in the Treasury not otherwise appropriated the sum of \$100,000, or so much thereof as may be necessary, for the adjustment of any actual losses that may be shown to have occurred to the Government on account of any such discrepancies.

\$100,000

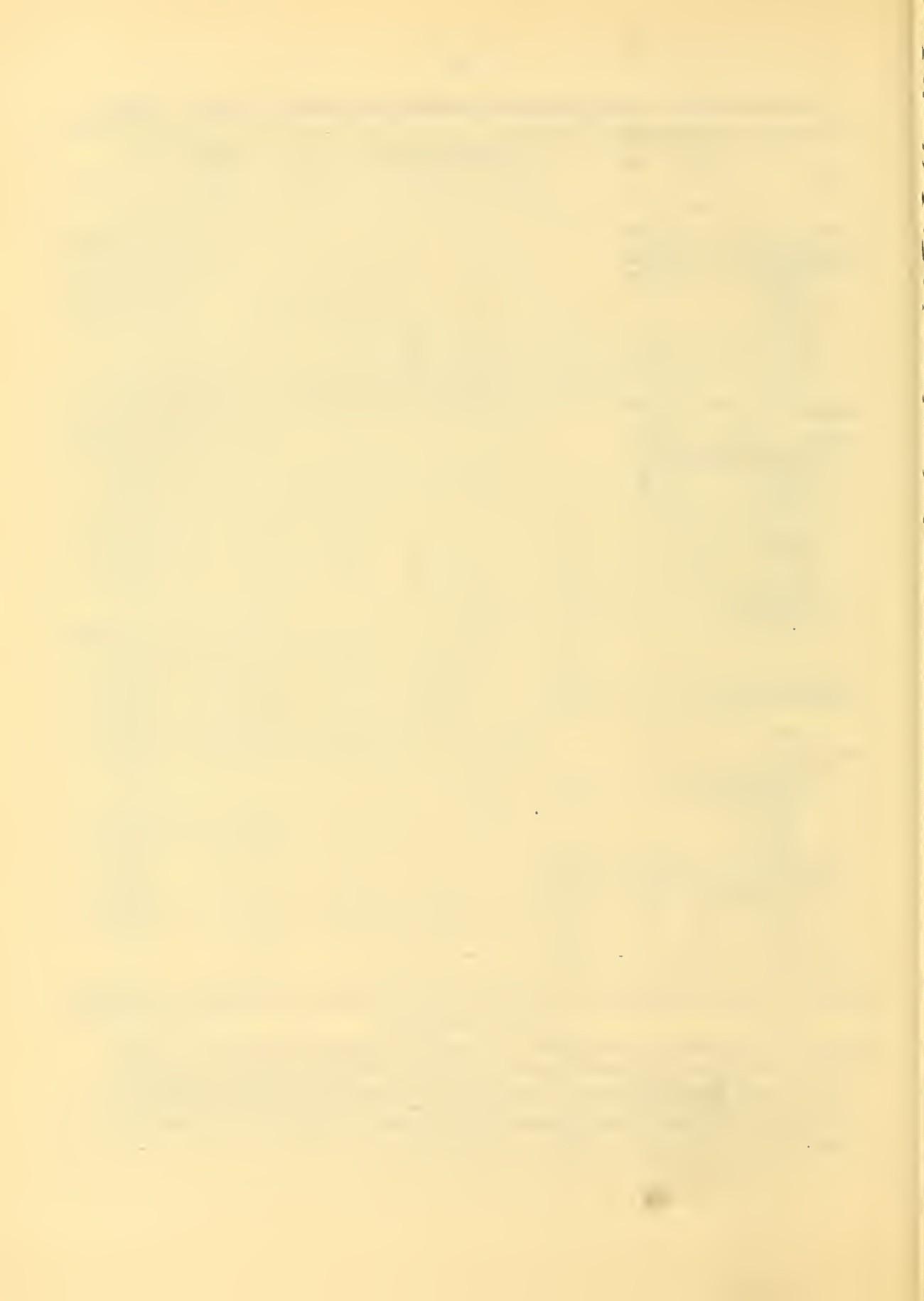


EXHIBIT F.

REGULATIONS GOVERNING THE DESTRUCTION OF UNITED STATES SECURITIES.

REGULATIONS OF MARCH 1, 1864.

TREASURY DEPARTMENT,

March 1, 1864.

To secure safety to the Treasury in the withdrawal from circulation and the destruction for any reason of United States bonds, United States notes, fractional currency or other obligations of the United States, the following rules and regulations are hereby established for delivering, counting and destroying such bonds, notes, fractional currency and other obligations, and for the perpetuation of the evidence relating thereto.

(Signed) S. P. CHASE,
Secretary of the Treasury.

First. When from excess of printing, imperfection or other cause, it becomes necessary to destroy United States bonds, it shall be the duty of those having them in charge to cause the certificate of every such bond to be punched twice, that is, once in each end and the coupons attached, if any, once, using for that purpose a punch other than round in form. They shall then be delivered to the Treasurer of the United States, accompanied by schedules in duplicate or triplicate, as the case may be, specifying the number of bonds, the denomination, the Act of Congress authorizing their issue and the cause requiring their destruction.

When the bonds so delivered shall have been verified by the United States Treasurer as to their number and denomination, and found to agree with the schedule in all respects, he shall then sign receipts therefor in duplicate when received from the Register of the Treasury, and in triplicate when received from any other officer of the Department. Each receipt shall be accompanied by one of the schedules, certified by the Treasurer as correct, one of which receipts and schedules shall be filed in the office of the Secretary of the Treasury, one in the office of the Register, and the third, if such there be, in the office from which the bonds were delivered.

The Treasurer of the United States shall keep a record in detail of all bonds thus delivered, and when found to agree with schedule, shall cause them to be cut in two parts from top to bottom, leaving whole coupons if any on each part; after which the right halves shall be delivered to the Register and the left halves to the Secretary of the Treasury, and receipts therefor shall be given. The halves so delivered shall be examined and counted by persons designated for that purpose, and reports shall be made from each office to the Treasurer of the United States, specifying the amount of bonds counted, the number of coupons, if any, attached to the same, and describing all errors and discrepancies. When all errors are adjusted, and the amount counted in each office agrees with the receipts given to the Treasurer, each portion of the certificate and each coupon shall be punched with a round punch of the prescribed size in each office.

Second. When from any cause United States Treasury notes or other evidences of debt, except such as are returned from circulation, are to be delivered to the Treasurer to be destroyed, it shall be the duty of the officer of the Treasury having such in charge, prior to such delivery, and preparatory to their being cut in two longitudinally by the Treasurer, to cause them to be punched twice, viz.: once in the middle of the upper half and once in the middle of the lower half of each note, using a punch other than round in form for that purpose; after which they shall be delivered to the Treasurer with detailed schedules thereof as above (Sec. 1) in duplicate.

The Treasurer of the United States shall give his receipt in duplicate for all United States notes or Treasury notes thus delivered, one of which, with a schedule certified by him as correct, shall be filed in the office of the Secretary of the Treasury and one in the office from which the notes are delivered.

Third. The Treasurer of the United States shall cause all United States notes or United States Treasury notes thus delivered to be cut in two longitudinally, and the upper halves to be delivered to the Register and the lower halves to the Secretary of the Treasury for examination and counting; and when so examined and counted reports thereof shall be made to the Treasurer of the United States; and when all errors, if any, are adjusted, each half of every note shall be punched at each end and held ready for burning.

Fourth. All United States notes withdrawn from circulation to be destroyed, other than those hereafter to be described, shall be counted by the Treasurer of the United States, and the different

issues and denominations put in separate packages. They shall then be cut in two longitudinally, the upper halves to be delivered to the Register and the lower halves to the Secretary of the Treasury, who shall give receipts to the Treasurer for the same according to the form now used for that purpose.

When such halves have been examined and counted, a report shall be made from each office to the Treasurer of the United States, which shall specify the number of the lot, and each distinctive label by its marks in which errors if any have been found, the amount and issue, and describe all errors found in counting the same. When the errors, if any, are adjusted, the halves shall be punched in each end and in the centre, and may then be considered as ready for burning.

Fifth. When part of a note is redeemed, the word "Cancelled" shall be immediately stamped across it, and the amount paid for each fractional part of a note shall be legibly marked thereon. When the time according to the rule established for holding such fragments shall have expired, the respective clerks in charge of the redemption division in the office of the Secretary and of the Register, with the witness on behalf of the Treasurer, and the witness "specially appointed by the Secretary of the Treasury," shall, upon notice from the Treasurer, count the same, and if found correct and to agree with the amount required, such parts of notes shall be cut in like manner as near as can be as provided for whole notes, in presence of the parties appointed to examine and count them, and the right halves shall forthwith be delivered to the Register and the left halves to the Secretary of the Treasury who shall give receipts therefor to the Treasurer. Said receipts shall specify the denomination and full face value of the notes, the amount deducted and the amount actually paid for such fragments of notes. The halves shall be punched as in the case of full halves and held ready for burning. Fragments of the notes, accompanied by affidavits and redeemed at the full par value of the notes shall, as far as practicable, be treated in like manner.

Sixth. When fractional currency is to be destroyed, the Treasurer of the United States shall cause the same to be cut in two from the top to the bottom. The left halves shall then be delivered to the Secretary of the Treasury and the right halves to the Register of the Treasury, when they shall be examined and counted and reported as in the case of United States notes. When all errors have been rectified, and each half of every note shall be punched once in the center and held ready for burning.

Fractional currency, redeemed at less than its original value, shall, as far as possible, be treated in the manner provided for United States notes under similar circumstances.

Seventh. Round punches, except when otherwise directed shall be used in the Secretary's and the Register's offices; but the same shall differ in size, the larger one to be used in the office of the Register of the Treasury.

The Treasurer of the United States shall have all differences between the reports of the Secretary and of the Register of the Treasury, relative to the examination and counting of United States bonds, notes, fractional currency and other evidences of debt hereinbefore specified, adjusted, and as soon as practicable thereafter, he shall give notices to the witnesses, specifying the lot or lots ready for burning.

Eighth. When bonds, notes, fractional currency or other evidences of debt are conveyed to the furnace chamber, the clerks having in charge the counting of halves and witnessing the burning of such bonds, etc., for the Secretary and for the Register of the Treasury respectively, shall with the witness on behalf of the Treasurer and the witness "Specially appointed by the Secretary of the Treasury" accompany the boxes containing the evidences of debt to the furnace chamber, compare the same with the certificate to be signed, and, if found to agree, it shall be the duty of the witness on behalf of the Secretary of the Treasury, to throw the halves of all bonds, notes, etc., of which he has superintended the counting into the furnace; and the witness on behalf of the Register shall throw into the furnace such halves of bonds, etc., as he had charge of.

Ninth. When the bonds, notes, etc., are partially consumed, the furnace may be locked with three distinct locks, and three of the witnesses shall each take charge of a key.

Previous to the burning of the next lot, three of the witnesses shall open and examine the furnace and assure themselves that the former lot was totally consumed before any subsequent burning shall take place.

Tenth. The Treasurer of the United States shall cause schedules and certificates in quadruplicate to be prepared, describing the denomination and amount of bonds, notes, fractional currency or other evidences of debt thus destroyed, which shall be signed by him, and the certificate of burning shall be signed by each of the four witnesses to the burning. One of the said schedules and certificates shall be filed in the office of the Treasurer, one in the office of the Register and two in the office of the Secretary of the Treasury.

(Initialed) S. P. C.

NOTE.—The act approved June 23, 1874 (18 Stat. 206), provided for destruction by maceration instead of by burning.

REGULATIONS OF JUNE 30, 1915

The following procedure, effective July 1, 1915, is hereby established to be followed in the Department in connection with any securities of the United States which for any reason are to be retired and destroyed. All existing instructions in conflict therewith are hereby rescinded.

UNITED STATES CURRENCY:

United States notes,
Treasury notes of 1890,
Gold certificates,
Silver certificates,
Fractional currency and Miscellaneous.

The division of loans and currency of the Secretary's office will make daily memorandum reports to the Treasurer of the United States of the actual amount of each kind and denomination of canceled United States currency received. The total receipts for each day will be designated as a lot and receive a serial number. Upon receipt of such memorandum report the Treasurer will take credit in his currency accounts for the amounts of the various kinds of currency reported. Upon verification of each lot the division of loans and currency will report to the Treasurer any errors found that require adjustment and thereupon the Treasurer will make the necessary adjustments in his accounts.

When a lot has been counted a schedule in duplicate will be prepared by the division of loans and currency setting forth the amount of each kind and denomination of currency contained in the lot, certify to the count thereof, and deliver the currency, together with the schedules, to the destruction committee. The committee will verify with the schedules the amount of each kind and denomination of currency delivered as shown by the straps of the packages, and after destroying the currency will certify thereto on the accompanying schedules, returning the schedules to the division of loans and currency, which division will forward the original copy of the schedule to the Treasurer.

NATIONAL BANK CURRENCY, FEDERAL RESERVE BANK CURRENCY:

When the Comptroller of the Currency is prepared to deliver for destruction circulating notes of national and Federal reserve banks he will prepare schedules in triplicate setting forth the notes to be delivered for destruction, and after certifying to the count will deliver the notes with accompanying schedules to the destruction committee. The destruction committee will verify the notes delivered with the schedules, and after destruction of the notes will certify such fact on the schedules, returning the schedules to the Comptroller of the Currency. The Comptroller of the Currency will retain one copy of the schedule and forward one copy to the Treasurer of the United States and one copy to the division of loans and currency.

FEDERAL RESERVE NOTES:

The Comptroller of the Currency, upon receipt of Federal reserve notes returned by Federal reserve agents in the manner prescribed by Regulation "O" Series of 1915 of the Federal Reserve Board, will deliver the lower halves of such notes to the division of loans and currency for verification, accompanied by schedules in duplicate setting forth the number of half notes of each denomination of each bank. After verification of the lower halves of the notes, the division of loans and currency will report the result of such examination to the Comptroller of the Currency for the adjustment of discrepancies; and the division of loans and currency will deliver to the destruction committee the halves of the notes comprised in the lot with the schedules accompanying them. The Comptroller, after verifying the count of the upper halves of the Federal reserve notes which are retained in his office, will deliver such notes to the destruction committee accompanied by schedules in duplicate setting forth the number of half notes of each denomination of each bank.

The destruction committee shall verify all of the package deliveries with the schedules; and, upon destruction of the half notes, shall certify to such fact on the schedules—the original schedules of both uppers and lowers to be delivered to the Comptroller of the Currency and the duplicates to the division of loans and currency.

INTERNAL REVENUE STAMPS:

The Commissioner of Internal Revenue will deliver to the destruction committee any internal revenue stamps to be destroyed, accompanied by a schedule addressed to the Secretary of the Treasury, prepared in duplicate, setting forth the kinds, denominations and amounts of stamps delivered with

a certificate of count. The destruction committee will verify such deliveries by comparing the counters' marks with the schedule, and after destruction of the stamps will certify thereto on the schedules, returning the schedules to the division of loans and currency, which division will transmit the original schedule to the Commissioner of Internal Revenue.

INTEREST-BEARING OBLIGATIONS, INCLUDING PAID COUPONS:

Either the Register of the Treasury or the division of loans and currency having securities, including paid coupons, to be delivered for destruction, will prepare schedules in duplicate, and will transmit the schedules with the securities to the other office, which office after verification duly certified will deliver the securities to the destruction committee, and the committee after destroying such securities will certify to such fact, returning the schedules to the division of loans and currency, the original copy of the schedule to be lodged in the office of origin and the duplicate copy in the other office.

SPOILAGE:

Periodically the Director of the Bureau of Engraving and Printing will return to the division of loans and currency all paper issued to the Bureau for the printing of securities that has been spoiled in process of printing. Such paper will be listed on schedules in triplicate, separate schedules for each class of paper. Upon delivery of the paper with accompanying schedules the division of loans and currency will issue memorandum receipt therefor using the triplicate copy of the schedule for that purpose. After the paper has been examined any discrepancies found in the count will be reported to the Director of the Bureau of Engraving and Printing for adjustment, and thereafter the paper will be delivered to the destruction committee with the count duly certified on the accompanying schedules. After destruction of the paper the committee will certify to such fact, returning the schedules to the division of loans and currency, which division will transmit the original copy of the schedule to the Director of the Bureau of Engraving and Printing. No returns of check paper or clippings and cuttings from postage and internal revenue stamp paper will be made.

DESTRUCTION COMMITTEE:

For its different operations the destruction committee will be composed of representatives of the officers concerned as follows:

United States currency:

Secretary,
Treasurer of the United States.

National bank currency.

Federal reserve bank currency:

Secretary,
Comptroller of the Currency,
Treasurer of the United States,
(Bank concerned).

Federal reserve notes:

Secretary,
Comptroller of the Currency.

Internal revenue stamps:

Secretary,
Commissioner of Internal Revenue.

Mutilated work from Bureau of Engraving and
Printing:

Secretary,
Director of the Bureau of Engraving and
Printing.

Interest-bearing obligations of the United States:

Secretary,
Register of the Treasury,
Treasurer of the United States.

Representatives of the various officers will be appointed by the Secretary upon the recommendation of the officer concerned. The Secretary's representative will act as chairman of the committee. Alternate members of the committee will be appointed in the same manner as principal members and will act with full authority in the absence of their respective principals.

Destruction of any securities printed on the localized silk fiber paper will be by maceration. Destruction of other securities representing money value will be by maceration, burning or shredding as may mutually be agreed upon between the Director of the Bureau of Engraving and Printing and the chief of the division of loans and currency.

PROCEDURE TO BE FOLLOWED BY COMMITTEE WHEN DESTROYING SECURITIES BY MACERATION:

The destruction committee receiving canceled securities to be destroyed will check the packages against the accompanying schedules, noting the kind, denomination, amount and evidence of count from the labels on the packages.

After such verification the destruction committee will place the securities to be destroyed in trucks or trunks, which will then be locked and sealed, the chairman of the committee retaining the

keys to the locks. In case the securities are not immediately destroyed or for any other reason they are removed from the custody of the entire committee, the trucks or trunks shall further be secured by at least one other member of the committee affixing a distinctive seal.

The committee will accompany the locked trucks or trunks, or a member of the committee will accompany the locked and sealed trucks or trunks to the macerator room; thereupon the committee shall open the macerator, examining the pulp of the previous maceration, and if the maceration is found complete the macerator shall be dumped and the pulp disposed of; thereupon in the presence of all the members of the committee the chairman will unlock the trucks or trunks, and if sealed the member previously sealing them will remove the seals. The members of the committee will remove the bindings from the packages and place the canceled securities in the macerator. The macerator will then be locked, each member of the committee having a separate lock and key. Certification to the destruction shall be made on the schedules after the maceration is found to be complete, and the schedules shall be returned to the respective offices.

PROCEDURE TO BE FOLLOWED BY THE COMMITTEE WHEN DESTROYING SECURITIES BY BURNING:

The committee will follow the same procedure prescribed for destructions by maceration, except under the personal supervision of the committee the laborers will cast the securities into the furnace. The committee will keep the furnace under personal observation until inspection shows the securities are destroyed, whereupon the committee will certify to the destruction on the schedules and return them to the appropriate offices.

(Signed)

W. G. McADOO,

Secretary.

[JULY 6, 1920.]

INSTRUCTIONS REGARDING PROCEDURE TO BE FOLLOWED IN DESTROYING UNITED STATES SECURITIES, AMENDED AND SUPPLEMENTED.

1. The instructions regarding procedure to be followed in destroying United States securities, effective July 1, 1915, are hereby amended and supplemented as follows, effective July 16, 1920,—

2. There is established a Destruction Committee in the Office of the Fiscal Assistant Secretary, under the administrative control of the Commissioner of the Public Debt, consisting of six principal members and three alternate members, to be designated from employees of the Office of the Secretary. Of the principal members, one shall be designated as Chairman and one as Vice-Chairman. A sufficient number of laborers shall be assigned to the Committee from the Office of the Secretary to assist the Committee in the performance of its duties. When not engaged on work of the Destruction Committee, members of the Committee or laborers assigned for duty with it shall perform such duties as the Commissioner of the Public Debt shall direct.

3. The Chairman of the Destruction Committee, under the administrative direction as above provided, shall direct the work of the Committee and its sub-committees. He shall assign members of the Committee to the various sub-committees and, in general, shall see that the work of the Committee is performed in a thorough and efficient manner. In the absence of the Chairman, the Vice-Chairman shall act as Chairman of the Committee.

4. The following named persons are hereby designated as members of the Destruction Committee, effective July 16, 1920,—

PRINCIPALS.

John G. McGrath, Chairman.
Ulysses L. Adams, Vice-Chairman.
Thomas H. Braden.
John J. Gorman.
Albert A. Loeb.
John F. Moran.

ALTERNATES.

Carleton W. Cameron.
Pete Espey.
Clarence Kibbey.

All other designations as members of the Destruction Committee are hereby revoked, effective July 16, 1920. Changes in the personnel of the Destruction Committee shall be made from time to time by the Secretary, as necessities may require.

5. Personal representation of various bureaus and offices on the Destruction Committee is hereby discontinued, except for the destruction of national bank notes and Federal Reserve Bank notes. The Destruction Committee, or sub-committees thereof, shall perform the duties required by the regulations.

6. The Chairman of the Destruction Committee shall from time to time designate from the members of the Committee one or more sub-committees as the necessities of the work may require. Each sub-committee shall consist of the number of persons heretofore specified for the various operations. The principal members shall first be assigned for sub-committee work. Alternate members shall only be assigned to such work when there are not a sufficient number of principal members available.

7. For the destruction of national bank notes and Federal Reserve Bank notes, one member of the Destruction Committee shall represent the Secretary of the Treasury and he, with three other persons, one of whom shall be appointed respectively by the Comptroller of the Currency, the Treasurer of the United States and the national bank or Federal Reserve Bank whose notes are to be destroyed shall constitute the four persons required by Section 5184, Revised Statutes, as amended, to witness the destruction of such notes. The Comptroller of the Currency, the Treasurer of the United States, and the several national banking associations or Federal Reserve Banks, may each in their discretion appoint one or more members of the Destruction Committee to act for them in witnessing the destruction of notes.

8. The various bureaus and offices concerned, before turning over securities, etc., to the Committee for destruction, shall carefully count, schedule and certify the same, and said schedules shall set forth the number of packages in which the securities, etc., covered by the schedule, are contained, together with a description thereof, including the number of pieces of each denomination and the par amount thereof. The Destruction Committee shall verify the number and description of the packages called for by the schedule and shall be responsible for the thorough and complete destruction of the securities, etc., so received. The members of the sub-committee in charge of each particular operation shall furnish the necessary certificates of such destruction to the bureaus and offices concerned.

9. All regulations or parts of regulations in conflict herewith are hereby rescinded.

Approved:

G. F. ALLEN,
Assistant Treasurer of the United States.

R. C. LEFFINGWELL,
Fiscal Assistant Secretary of the Treasury.

J. S. WILLIAMS,
Comptroller of the Currency.

D. F. HOUSTON,
Secretary.

W. S. ELLIOTT,
Register of the Treasury.

JAMES L. WILMETH,
Director of the Bureau of Engraving and Printing.

EXHIBIT G.

COPIES OF DESTRUCTION RECORDS.

(Certificates of Indebtedness.)

TREASURY DEPARTMENT,
DIVISION OF LOANS AND CURRENCY.
Form 942 E.—Ed. 500—Jan. 22-15.

SCHEDULE OF UNITED STATES
various issues.

Certificates of Indebtedness of

Canceled and Retired, Received by the Secretary of the Treasury, Division of Loans and Currency,
191 , for Destruction.

NUMBERED		NUMBER OF PIECES.	DENOMINA- TION.	VALUE.	DESCRIPTION. Issue of.
From—	To—				
201	500	300	\$250,000	\$75,000,000	March 31, 1917.
8873	13094	4,222	5,000	21,110,000	April 25, 1917.
7411	8583	1,173	10,000	11,730,000	
1401	1750	350	100,000	35,000,000	
22221	25000	2,780	1,000	2,780,000	May 10, 1917.
10006	20000	9,995	5,000	49,975,000	
6008	15000	8,993	10,000	89,930,000	
690	1000	311	100,000	31,100,000	
20251	30000	9,750	1,000	9,750,000	May 25, 1917.
7106	10000	2,895	5,000	14,475,000	
4706	10000	5,295	10,000	52,950,000	
977	1000	24	100,000	2,400,000	
48001	60000	12,000	1,000	12,000,000	June 8, 1917.
17001	20000	3,000	5,000	15,000,000	
16002	20000	3,999	10,000	39,990,000	
1871	2200	330	100,000	33,000,000	
		65,417		\$496,190,000	

Seventy packages,
Amounting, as above stated, to Four Hundred and Ninety-six Million, One Hundred
and Ninety Thousand Dollars.

Lot No. -----

5 pieces of each Denom. & Series cancelllel & ret. for Specimen Book.

88606—24—12

(175)

Treasury Department,

WASHINGTON, May 13, 1918.

WE HEREBY CERTIFY that all the United States Securities, specified and described in the foregoing schedule, were counted by us and found correct.

A. W. Brand, *for the Secretary of the Treasury.*

Treasury Department,

WASHINGTON, May 16, 1918 191

WE HEREBY CERTIFY that all the United States Securities, specified and described in the foregoing schedule, were this day totally destroyed in our presence by maceration.

U. L. Adams, *for the Secretary of the Treasury.*J. G. McGrath, *for the Treasurer of U. S.*

TREASURY DEPARTMENT,
DIVISION OF LOANS AND CURRENCY.
Form 942 E.—Ed. 500—Jan. 22-15.

SCHEDULE OF UNITED STATES
Issues.

Certificates of Indebtedness of Various

Canceled and Retired, Received by the Secretary of the Treasury, Division of Loans and Currency,

191 , for Destruction.

NUMBERED		NUMBER OF PIECES.	DENOMINA- TION.	VALUE.	DESCRIPTION.
From—	To—				
			\$	\$	

Memo. for Destruction Committee:

Please deliver to the chief, Division of Loans and Currency, those Certificates of Indebtedness, which have statistically been destroyed but which are being retained as specimens.

Wm. S. Broughton

Chief, Division of Loans and Currency.

496	500	5	250,000	1,250,000	March 31, 1917.
13090	13094	5	5,000	25,000	April 25, 1917.
8579	8583	5	10,000	50,000	
1746	1750	5	100,000	500,000	
24996	25000	5	1,000	5,000	May 10, 1917.
19996	20000	5	5,000	25,000	
14996	15000	5	10,000	50,000	
996	1000	5	100,000	500,000	
29996	30000	5	1,000	5,000	May 25, 1917.
9996	10000	5	5,000	25,000	
9996	10000	5	10,000	50,000	
996	1000	5	100,000	500,000	
59996	60000	5	1,000	5,000	June 8, 1917.
19996	20000	5	5,000	25,000	
19996	20000	5	10,000	50,000	
2196	2200	5	100,000	500,000	
				\$3,565,000-	

Amounting, as above stated, to Received the above 80 certificates to be placed
in Specimen book Dollars. Lot No.

May 16, 1918.

A. Ammann.

Treasury Department,

WASHINGTON, May 13, 1918

WE HEREBY CERTIFY that all the United States Securities, specified and described in the foregoing schedule, were counted by us and found correct.

A. W. Brand, *for the Secretary of the Treasury.*

Treasury Department,

WASHINGTON, May 16, 1918 191

WE HEREBY CERTIFY that all the United States Securities, specified and described in the foregoing schedule, were this day totally destroyed in our presence by incineration. canceled and delivered to Loans and Currency Division of the Secretary's office, Treasury Department.

U. L. Adams, *for the Secretary of the Treasury.*

J. G. McGrath, *for the Treasurer of U. S.*

TREASURY DEPARTMENT,
DIVISION OF LOANS AND CURRENCY.
Form 942 E.—Ed. 500—Jan. 22-15.

SCHEDULE OF UNITED STATES
various issues.

Certificates of Indebtedness of

Canceled and Retired, Received by the Secretary of the Treasury, Division of Loans and Currency,
191 , for Destruction.

NUMBERED From—	To—	NUMBER OF PIECES.	DENO- MINA- TION.	VALUE.	DESCRIPTION. Issue of
21014	40000	18,987	\$ 1,000	\$ 18,987,000	August 9, 1917
9009	15000	5,992	5,000	29,960,000	
7430	15000	7,571	10,000	75,710,000	
1610	2000	391	100,000	39,100,000	
14011	35000	20,990	1,000	20,990,000	August 28, 1917
6011	12000	5,990	5,000	29,950,000	
5551	12000	6,450	10,000	64,500,000	
1513	1600	88	100,000	8,800,000	
14711	35000	20,290	1,000	20,290,000	September 17, 1917
7762	12000	4,239	5,000	21,195,000	
6763	12000	5,238	10,000	52,380,000	
1791	1800	10	100,000	1,000,000	
31101	36000	4,900	1,000	4,900,000	Sept. 26, 1917.
14801	16000	1,200	5,000	6,000,000	
11001	14000	3,000	10,000	30,000,000	
1851	3000	1,150	100,000	115,000,000	
		106,486		\$538,762,000	

Amounting, as above stated, to Five Hundred Thirty-Eight Million Seven
Hundred Sixty-Two Thousand Dollars.

Lot No. -----

Treasury Department,

WASHINGTON, May 20, 1918

WE HEREBY CERTIFY that all the United States Securities, specified and described in the foregoing schedule,
were counted by us and found correct.

A. W. Brand, for the Secretary of the Treasury.

Treasury Department,

WASHINGTON, May 22 1918 , 191

WE HEREBY CERTIFY that all the United States Securities, specified and described in the foregoing schedule,
were this day totally destroyed in our presence by maceration.

U. L. Adams, for the Secretary of the Treasury.
J. G. McGrath, for the Treasurer of U. S.

TREASURY DEPARTMENT,
DIVISION OF LOANS AND CURRENCY.
Form 942 E.—Ed. 500—Jan. 22-15.

SCHEDULE OF UNITED STATES

Certificates of Indebtedness of

Various Issues.

Canceled and Retired, Received by the Secretary of the Treasury, Division of Loans and Currency,
191 , for Destruction.

NUMBERED		NUMBER OF PIECES.	DENOMINA- TION.	VALUE.	DESCRIPTION.
From—	To—		\$	\$	

Memo. for Destruction Committee:

Please deliver to the Chief, Division of Loans and Currency, those Certificates of Indebtedness, which have statistically been destroyed but which are being retained as specimens.

Wm. S. Broughton,
Chief, Division of Loans and Currency.

39996	40000	5	1,000	5,000	August 9, 1917.
14996	15000	5	5,000	25,000	
14996	15000	5	10,000	50,000	
1226	2000	5	100,000	500,000	
33996	34000	5	1,000	5,000	August 28, 1917.
11996	12000	5	5,000	25,000	
11996	12000	5	10,000	50,000	
1596	1600	5	100,000	500,000	
34996	35000	5	1,000	5,000	Sept. 17, 1917.
11996	12000	5	5,000	25,000	
11996	12000	5	10,000	50,000	
1796	1800	5	100,000	500,000	
35996	36000	5	1,000	5,000	Sept. 26, 1917.
15996	16000	5	5,000	25,000	
13996	14000	5	10,000	50,000	
2996	3000	5	100,000	500,000	
		80		\$ 2,320,000	

Amounting, as above stated, to Two Million Three Hundred and Twenty Thousand Dollars

Received the above certificates to be placed in specimen book.
A. Ammann.

Lot No. -----

Treasury Department.

WASHINGTON, May 20, 1918.

WE HEREBY CERTIFY that all the United States Securities, specified and described in the foregoing schedule, were counted by us and found correct.

A. W. Brand, *for the Secretary of the Treasury.*

Treasury Department.

WASHINGTON, May 22, 1918 , 191

WE HEREBY CERTIFY that all the United States Securities, specified and described in the foregoing schedule, were this day ~~totally destroyed~~ canceled in our presence ~~by maceeration~~ and delivered to the Division of Loans and Currency, Secretary's Office.

U. L. Adams, *for the Secretary of the Treasury.*J. G. McGrath, *for the Treasurer of U. S.*

TREASURY DEPARTMENT,
DIVISION OF LOANS AND CURRENCY.
Form 942 E.—Ed. 500—Jan. 22-15

SCHEDULE OF UNITED STATES
Various Issues

Certificates of Indebtedness of

Various Issues

Canceled and Retired, Received by the Secretary of the Treasury, Division of Loans and Currency,
----- 191 , for Destruction.

Amounting, as above stated, to Four Hundred Thirty-Three Million Four
Hundred Ninety Seven Thousand Dollars.
Lot No. -----

Treasury Department,

WASHINGTON, May 20, 1918

WE HEREBY CERTIFY that all the United States Securities, specified and described in the foregoing schedule, were counted by us and found correct.

A. W. Brand, for the Secretary of the Treasury.

Treasury Department,

WASHINGTON, May 22 1918 , 191

WE HEREBY CERTIFY that all the United States Securities, specified and described in the foregoing schedule, were this day totally destroyed in our presence by maceration.

U. L. Adams, for the Secretary of the Treasury.

J. G. McGrath, for the Treasurer of U. S.

TREASURY DEPARTMENT,
DIVISION OF LOANS AND CURRENCY.
Form 942 E.—Ed. 500—Jan. 22-15.

SCHEDULE OF UNITED STATES Certificates of Indebtedness of Various Issues.

Canceled and Retired, Received by the Secretary of the Treasury, Division of Loans and Currency,
-----, 191 , for Destruction.

NUMBERED From—	To—	NUMBER OF PIECES.	DENO- MINA- TION.	VALUE.	DESCRIPTION.
			\$	\$	

Memo. for Destruction Committee.

Please deliver to the Chief, Division of Loans and Currency, those Certificates of Indebtedness, which have statistically been destroyed but which are being retained as specimens.

Wm. S. Broughton,
Chief, Division of Loans and Currency.

Amounting, as above stated, to One Million One Hundred and Sixty

Thousand Dollars.

Lot No. 1000000000

Received the above certificates to be placed in specimen book.

A. Amman et al.

Treasury Department,

WASHINGTON, May 20, 1918.

WE HEREBY CERTIFY that all the United States Securities, specified and described in the foregoing schedule, were counted by us and found correct.

A. W. Brand, *for the Secretary of the Treasury.*

Treasury Department,

WASHINGTON, May 22 1918 , 191

WE HEREBY CERTIFY that all the United States Securities, specified and described in the foregoing schedule, were this day ~~totally destroyed~~ Canceled in our presence ~~by cancellation~~, and delivered to the Division of Loans and Currency, Secretary's office.

U. L. Adams, *for the Secretary of the Treasury.*
J. G. McGrath, *for the Treasurer of U. S.*

EXHIBIT H.

Temporary coupon bonds of 4 per cent First, 4½ per cent First, 4⅓ per cent First Second, 4 per cent Second, 4⅔ per cent Second, 4⅔ per cent Third, and 4⅓ per cent Fourth Liberty Loans delivered to Division of Loans and Currency by Bureau of Engraving and Printing, and the accountability therefor from date of inception to November 30, 1923.

RECAPITULATION.

	Detail.	Denomination.						Total pieces.	Total par value.
		\$50	\$100	\$500	\$1,000	\$5,000	\$10,000		
		Number.	Number.	Number.	Number.	Number.	Number.		
1	Delivered by Bureau of Engraving and Printing to Division of Loans and Currency.....	55,280,000	31,541,000	4,209,000	9,445,000	372,700	348,500	101,196,200	\$22,816,100,000
2	Securities previously withdrawn for issue by Federal reserve banks restored to stock in Division of Loans and Currency vault.....	99,904	551,989	33,349	44,675	13,373	12,877	756,167	317,178,600
3	Total to be accounted for.....	55,379,904	32,092,989	4,242,349	9,489,675	386,073	361,377	101,952,367	23,133,278,600
4	Withdrawals for issue:								
	a. Issued against full-paid subscriptions.	40,632,082	22,920,821	2,596,159	5,493,647	184,510	192,563	72,016,284	13,948,562,700
	b. Issued on surrender of equal par amount on account of—								
	(1) Conversion.....	4,125,366	3,154,199	576,691	1,550,470	52,030	55,069	9,513,825	3,171,343,700
	(2) Registered exchange.....	125,284	200,521	35,040	133,858	7,769	6,083	508,555	277,369,300
	(3) Denominational exchange (including turnover).....	3,782,223	1,425,355	395,219	2,122,931	52,654	66,862	7,755,274	3,539,080,150
	(4) All other transactions.....	1,065	692	50	70	3		1,880	232,450
	(5) Total issues.....	48,666,020	27,701,118	3,513,159	9,300,976	293,966	320,579	89,795,818	20,936,588,300
5	Less turnover (use of securities for issue more than once) on denominational exchange (see item 16).....	2,321,736	988,202	198,430	372,177	39,125	41,361	4,161,031	1,495,534,000
6	Actual securities used for issue (see item 19).....	46,344,284	26,712,916	3,314,729	8,728,799	254,841	279,218	85,634,787	19,441,054,300
7	Canceled unissued securities forwarded to Register of Treasury for credit by Federal reserve banks.....	1,784,044	1,034,184	250,498	258,321	19,217	17,456	3,563,547	866,836,800
8	Uncanceled unissued securities returned to Division of Loans and Currency by Federal reserve banks for restoration to stock.....	99,914	551,989	33,349	44,675	13,373	12,877	756,167	317,178,600
9	Unadjusted items.....	2	1					3	200
10	Total withdrawals for issue.....	48,228,264	28,499,087	3,598,576	9,031,795	287,431	309,551	89,954,704	20,625,060,900
11	Withdrawals of unissued securities from Loans and Currency vault and delivered to Register of Treasury for destruction.....	7,146,034	3,589,837	643,398	456,780	98,642	51,826	11,987,117	2,506,264,400
12	Unadjusted item.....	1						1	50
13	Balance on hand in Division of Loans and Currency vault.....	5,035	4,065	375	1,100			10,545	1,944,250
14	Total accounted for (see item 3).....	55,379,904	32,092,989	4,242,349	9,489,675	386,073	361,377	101,952,367	23,133,278,600
15	Retirements on account of:								
	a. Conversion.....	7,368,033	4,803,794	802,851	1,825,581	46,463	43,825	14,890,547	3,746,352,550
	b. Temporary exchange.....	20,333,832	13,835,567	1,980,907	4,674,231	148,299	156,825	41,179,661	10,377,177,800
	c. Coupon exchange.....	1,292,878	1,213,315	261,336	763,346	22,881	41,130	3,596,886	1,605,894,400
	d. Denominational exchange (including turnover).....	19,230,942	7,717,125	331,069	724,214	59,770	61,740	28,124,860	3,539,258,100
	e. All other transactions.....	2,344	1,321	173	267	7	72	4,084	1,352,800
	f. Redemptions.....	30,850	13,807	131,440	1,309,031	16,468	16,943	1,518,539	1,629,444,200
	g. Total retirements.....	48,308,779	27,586,929	3,507,776	9,296,670	293,888	320,535	89,314,577	20,899,479,850
16	Less turnover (use of securities for issue more than once) on denominational exchange (see item 5).....	2,321,736	988,202	198,430	372,177	39,125	41,361	4,161,031	1,495,534,000
17	Actual securities used for retirement.....	45,987,043	26,598,727	3,309,346	8,724,493	254,763	279,174	85,153,546	19,403,945,850
18	Outstanding Nov. 30, 1923.....	357,241	114,189	5,383	4,306	78	44	481,241	37,108,450
19	Actual securities used for issue (proof of item 6).....	46,344,284	26,712,916	3,314,729	8,728,799	254,841	279,218	85,634,787	19,441,054,300

Temporary coupon bonds of 4 per cent First, 4½ per cent First, 4½ per cent First Second, 4 per cent Second, 4½ per cent Third, and 4½ per cent Fourth Liberty Loans delivered to Division of Loans and Currency by Bureau of Engraving and Printing, and the accountability therefor from date of inception to November 30, 1923—Continued.

EXPLANATORY NOTES.

Detail.	Denomination.						Total pieces.	Total par value.
	\$50	\$100	\$500	\$1,000	\$5,000	\$10,000		
Item 15g. Total retirements (including turnover).	<i>Number.</i> 48,308,779	<i>Number.</i> 27,586,929	<i>Number.</i> 3,507,776	<i>Number.</i> 9,296,670	<i>Number.</i> 293,888	<i>Number.</i> 320,535	<i>Number.</i> 89,314,577	<i>Value.</i> 320,899,479,850
Item 18. Total outstanding Nov. 30, 1923.....	<i>Number.</i> 357,241	<i>Number.</i> 114,189	<i>Number.</i> 5,383	<i>Number.</i> 4,306	<i>Number.</i> 78	<i>Number.</i> 44	<i>Number.</i> 481,241	<i>Value.</i> 37,108,450
Item 4 b 5. Total issues (including turnover).....	48,666,020	27,701,118	3,513,159	9,300,976	293,966	320,579	89,795,818	20,936,588,300
NOTE.—Total retirements and outstanding must equal total issues.								
Item 15 d. Retired on denominational exchange.....	19,230,942	7,717,125	331,069	724,214	59,770	61,740	28,124,860	3,539,258,100
Item 4 b 3. Issued on denominational exchange.....	3,782,223	1,425,385	305,219	2,122,931	52,654	66,862	7,755,274	3,539,080,150
Net difference by which retirements exceed issues.....							20,369,586	177,950
Difference (by which retirements exceed issues).	15,448,719	6,291,740	25,830	.....	7,116	.....	21,773,425	1,450,114,930
Difference (by which issues exceed retirements).				1,398,717	.....	5,122	1,403,839	1,449,937,000
Net difference by which retirements exceed issues.....							20,369,586	177,950
Difference explained: Temporary coupon bonds (Third Loan, \$104,100; Fourth Loan, \$73,850) were surrendered through Federal reserve banks to Division of Loans and Currency for account of United States Railroad Administration and exchanged for permanent coupon bonds under transactions (special denominational exchange). The permanent bonds issued were placed in safe-keeping by Division of Loans and Currency for account of United States Railroad Administration.								
Item 7. Canceled unissued securities forwarded to Register of the Treasury for credit by Federal reserve banks.....	1,784,074	1,234,181	259,498	258,321	19,217	17,456	3,563,747	866,836,500
Item 11. Withdrawals from Loans and Currency vault and delivered to Register of Treasury for destruction.....	7,146,634	3,589,837	643,398	456,780	98,642	51,826	11,987,117	2,506,264,400
Item 17. Actual securities used for retirement.....	45,987,043	26,598,727	3,309,346	8,724,493	254,763	279,174	\$5,153,546	19,403,945,850
Total deliveries to Register of Treasury.....	54,917,751	31,422,745	4,203,242	9,439,594	372,622	348,456	100,704,410	22,777,047,050
NOTE.—Included in the total deliveries to Register of the Treasury are the following:								
First temporary coupon 4's constituting part of coupon conversion requisition No. 79 (Loans and Currency, local treasury; total amount requisition, \$1,350).....	2	.....	1	.....	.....	3	.....	1,100
Second temporary coupon 4's constituting part of coupon conversion requisition No. 25 (Loans and Currency, local treasury, total amount requisition, \$7,864,450).....	.....	.....	2	.....	.....	2	.....	2,000
Fourth temporary coupon 4's constituting part of coupon exchange requisition No. 18 (Federal Reserve Bank of New Orleans; total amount requisition, \$5,050).....	1	.....	5	.....	.....	6	.....	5,050
The foregoing cases have been, and it is understood are now, under investigation by the Secret Service, which has full details.								



Treas. U.S. Treasury Dept.

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Letter from the Sec-
retary of the
Treasury to the
President of the
United States..



U.S. TREASURY LIBRARY



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